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THE CASE FOR NATIONALIZATION.

THE STATE IN BUSINESS

or

The Collectivist State in the Making.

New Edition (1920), with Special Introductory Article dealing with the Problem of Bureaucracy.

BY

A. EMIL DAVIES, L.C.C.,

Chairman, Railway Nationalization Society.

A book containing particulars of the successful operation of State and Municipal undertakings throughout the world, right up to the outbreak of war.

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Published by
G. BELL & SONS, LIMITED, 6, Portugal Street, W.C. 2.
Price 5/- net. Bound in Cloth. 275 Pages.

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By A. Emil Davies.

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GEORGE ALLEN AND UNWIN, LIMITED,
Ruskin House, 40, Museum Street, London, W.C.1.

1st *Edition* (6,000 *Copies*), *February*, 1920.

2nd *Impression* (2,000 *Copies*), *May*, 1920.

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The Case for Nationalization.

INTRODUCTION.

THE battle that is being waged against Nationalization is extraordinary, both in volume and intensity. The public ownership of services and undertakings has always been opposed by those whose pockets would thereby be affected, and, as a matter of course, also by the Press and all other organs of opinion controlled or influenced by the same interests, but it was not until the appearance of the reports of the Coal Commission early in 1919 that the big coal-owing interests and their associates realized the force of opinion that they were up against, and saw that they really did run a risk of losing their hold on the industry out of which they were making large fortunes. They were exceedingly wroth with Mr. Justice Sankey on account of the statement in the interim report signed by that gentleman as Chairman, and three other members of the Coal Commission (none of them nominated by the miners), that "even upon the evidence already given the present ownership and working in the coal industry stands condemned, and some other system must be substituted for it."

All possible means of influencing public opinion have been employed to prevent the community from removing any further services or industries from the domain of private profit to that of public service. Meetings of shareholders have been called, and chairmen's speeches directed against Nationalization have been advertised

at great length in the newspapers; pamphlets and publications have been given away by the hundred thousand, attempting to prove how injurious to the community it would be if the mining and delivery of coal were to be placed on the same footing as the collection and delivery of letters and parcels, the removal of household refuse, and the provision of a drainage system; the greater part of the Press, which, it is only too well known, is owned and controlled by the rich, has carried on a long and bitter campaign against Nationalization; in short, everything that money, power, and influence could do has been done to persuade the great public that feeling generally is wholly opposed to the principle of Nationalization; everything has been done, I say, except that which would reveal the relatively small number of people this organized campaign against Nationalization represents. There have been no Hyde Park demonstrations, and not even an Albert Hall meeting against Nationalization of coal-mines or any other industry, whereas in every town in the United Kingdom it is easily possible to organize a huge demonstration in favour of national ownership and removal from the sphere of private profit of the coal industry and several others essential to the well-being of the community. The fact is—and it is a most dangerous fact—that the mass of the population is rendered inarticulate on account of the Press and other channels of opinion being in the ownership of a small section of the community—the section which benefits, or thinks it benefits, by the existing state of affairs; as a result, things go on until they become unbearable, when there is an explosion similar to the first police strike, the miners' strike, or the railwaymen's strike, this being practically the only method left open to the working masses to show their feelings.

Does not the Labour Party exist for this purpose? it may be asked. The answer is that, what has come to be known as the "Capitalist Press," ignores altogether, or dismisses in two or three lines, reports of Labour meetings, and does not give expression to the point of view represented by organized Labour and that large number of people who are in favour of national or community ownership. This point is examined more closely in Chapter IX.

The purpose of this work is to put forward in brief form the replies to the various attacks on Nationalization that are printed so freely in the Press, either as editorial matter, letters from readers, or advertisements; it is, in short, an attempt to give an up-to-date presentation of the case for Nationalization.

One explanation may perhaps be permitted. Private enterprize has played a most useful part in the history of man, and will continue to do so; the case for Nationalization consists largely in the argument that, with some vital services and industries, the profit-making incentive, which cannot be dissociated from private enterprize, becomes a hindrance to social development, and must be replaced by an organization working solely with the idea of service, just as at the present time the sole consideration of those responsible for the main drainage systems of London or Manchester is how most successfully to drain those cities with the greatest possible benefit to the health of the community, their energies *not* being directed towards the earning of the greatest possible dividends for a certain number of shareholders out of a contract to drain those cities. We hear much of efficiency. Before discussing the question of efficiency of one system as compared with another, we must decide upon our standard of efficiency—whether it is to be measured in monetary profits or

health and happiness; this point is fully dealt with in subsequent chapters, but the remark I wish to make here in this connexion is that, in so far as private enterprize is condemned in this book, it is the system, and not individuals, which is aimed at. It is of no use blaming people for making big profits; there are few readers who, if they were directors of a company, would not do their utmost to make the largest possible profits for their company; and the fact that in so doing they were working in the interests of others, their co-shareholders, as well as themselves, would make it seem a duty to accumulate profits against any subsequent period of hard times. Not to make the largest possible profits would, moreover, in most cases merely result in subsidizing competitors. It is the system which permits—nay, even inculcates as a duty—the making of the greatest possible profits out of the needs of one's fellow men without thought of the results to the community, which is at fault; and it is up to those who, like the present writer, believe that the evils of this system can only be eliminated by means of national or municipal ownership of some of the great vital services and industries, to set forth, for the consideration of others, the arguments and instances in support of this belief. And that is the purpose of this modest volume.

CHAPTER I.

IS IT A CLASS WAR?

The campaign that has been waged by speech, pamphlet, and Press against the principle of Nationalization since certain big interests realized that the Coal Commission had brought national ownership of the coal industry within the realm of practical politics, is part of a much wider struggle that is in progress.

Most of our domestic politics during the next few years will centre round the problem of the proportions in which the rich and poor respectively are to bear the monetary burden of the War. During the War, and for at least one year after its conclusion, propertied and share-owning classes have done splendidly in the matter of investments, receiving high dividends and capital bonuses galore, whilst industry generally has made greater profits than ever before; on the other hand, Labour, generally, has secured for itself shorter working hours, and increased wages to keep up with the cost of living. Actually neither side has as yet gained any considerable advantage over the other, the real position being altogether obscured by inflation of currency and credit, and, as a result thereof, continually rising prices.

Where the position threatens to become impossible the Government, to avoid a breakdown, hastily brings in some stop-gap measure like the bread subsidy; these subsidies or doles instead of being borne by those who can afford it, by means of taxation, are met by continuous Government borrowing, which borrowing means that so many millions more per annum have to be provided as interest for the well-to-do who lend the money. If the doles are done away with and railway rates are raised (the

latter having already occurred, with what result remains to be seen), up will jump the cost of living so many shillings per week, which, if it is not followed by a corresponding increase in wages, means that the main financial burden of the War is shifted on to the backs of the working class. Regarded from this point of view, the attempt to pave the way to a reduction in the wages of the railway-workers—or rather to their remaining at their present level if the cost of living increases, as it probably will—becomes perfectly comprehensible, as does the vigorous action of the railway workers to resist any such actual or relative lowering of their standard of life.

Thus far—more than a year after the Armistice—the struggle between the classes has been a succession of see-saws, and it is by no means clear who is going to bear the brunt of the financial burden of the War—the rich or the working class.

The middle class need hardly be referred to in this connexion as, being for the greater part too snobbish or too foolish to organize themselves in self-protection, as has been done by the manual workers, and, moreover, being much more susceptible to the arguments of the capitalist Press, they are being fast crushed to death between the millstones of Capital and Labour, and will either rapidly disappear altogether or join the Labour Party. Fortunately, they are at last beginning to see that the railway transport workers and others, in getting a higher nominal standard for themselves, are also fighting the battle of the lower middle class, typified by bank and insurance clerks; and instead of being beguiled by political associations for the middle class, which, by some strange coincidence, are always initiated and officered by super-tax payers, they are joining, or at least voting, Labour in fast-increasing numbers.*

* See "Coal Nationalization and the Middle Classes," page 248

The seriousness of the national financial situation is not yet fully realized by the majority of people. In 1913 our National Budget was less than 200 millions. In other words, the State had to raise in taxation to meet the interest on the National Debt, the cost of the Army and Navy and all the public services, including health and education, about one-eleventh of the annual income of all the inhabitants of the United Kingdom. Now, after making full allowance for the larger figures on both sides of the account rendered necessary by the lower purchasing value of money, the State will have to take fully one-fourth of the entire national income if it is to meet the interest and redemption of the National Debt and carry on as a civilized country. And on top of this the bulk of good British-owned foreign investments have been sold to America and other countries, thus reducing our power to import foodstuffs and materials, whilst our working classes have successfully brought about a considerable reduction in hours of labour—a reduction long overdue, but which does not make the financial position any easier.

The workers, in struggling for better conditions (and in the next chapter some striking outside evidence is given as to the deplorable state of great masses of our working population), find their efforts continually thwarted. They see a House of Commons consisting principally of gentlemen representing "big business." When a million mine-workers, representing, with their families, fully one-tenth of the Nation, endeavour to get their working hours reduced to eight per day they are summarily refused and it takes a national strike to make Parliament attend to their claims. Can one wonder if the working class draws the moral that its interests are opposed by a class which will yield only to force? It is not until the Nation finds itself face to face with the

extraordinary spectacle of a police strike (I refer to the first strike and not to the second, which is dealt with in Chapter VI.) that the admittedly justifiable demands of these men are met; and when half-a-million railwaymen, representing, with their families, five per cent. of the Nation, strike against what they consider to be an attempt to get their effective wages down, a Prime Minister publicly refers to them as Bolshevists! A strike like that of the railwaymen in September, 1919, brings to the surface many things that have been developing for some time, and many earnest-minded men and women must have been painfully impressed with the class feeling that was displayed during that conflict. The War has already engendered more evil passions than are good for the race, and what humanity needs to recover from the ill effects of that conflict—more serious in the moral than even the material domain—is an increased sense of solidarity and brotherhood. A great labour struggle like the railway strike brings into play within the Nation all the evil feelings referred to, which are assiduously fanned to a flame by that section of the Press which is always quick to pander to mankind's worst and most facile instincts. Mixing, as I do, with men occupying leading positions in finance and business, I was appalled at the depth of class feeling that was evidenced. We frequently hear of class hatred, as though it came from a feeling of envy on the part of the "have-nots"; but is it realized that this class hatred is still more acute on the part of many of the "haves"? Those gentlemen who, as we read, volunteered along with their valets and chauffeurs to take the place of the strikers, did so with the same feeling as followers of Islam entering upon a Holy War. To do them justice, many of these persons were convinced that in so doing they were fighting the battle of society, or the public, as against

a section of their fellow-countrymen who wished to "hold up" the community for their own profit. In a letter received from a friend, stranded during the strike at one of the great hotels of a fashionable health resort, occurred the following passage: "The kind of comment on the strike which is current here you can imagine. It nauseates me, but I have to be discreet in speech. I have not heard one single remark which would indicate the remotest possible understanding of the Labour position."

With all this talk about a so-called war against the public, few people stop to consider what is the "public." A rich man, with whom I was discussing the situation, inadvertently stumbled on the truth by saying "of course, if the transport-workers and other unions come out, I am afraid the public will not be large enough to win." Suppose the railwaymen feel they are fighting the battle of the mass of the workers against a reduction in their standard of living, a view supported by Mr. Lloyd George's statement that "whatever we lay down in regard to the railwaymen, you may depend upon it is going to be claimed throughout the country." Suppose the mass of the workers agree with this view—as indeed they do, although the ordinary newspaper readers would not be aware of it; the Trade Union Congress, with its six millions of organized workers and their families, represents alone more than half the Nation; add to these the millions of unorganized workers, and the remaining "public" will be found to be considerably less than one-fourth of the population; and who is justified in assuming that the whole of that one-fourth is unanimously against the workers? Interested parties talk as though better conditions for the workers mean national ruin; it is precisely the contrary which is true, and if Labour loses, the Nation loses. The question is, how many struggles of this sort are we to have before Capital

realizes that no temporary victories will serve ts purpose, and that only a straightforward understanding with the workers in a full spirit of co-operation, and with all the cards on the table, will avert the breakdown of industry ? The bearing of all this upon Nationalization is that the working classes of the country who constitute far and away the majority of the Nation, see all around them large fortunes being made by a small class out of the control and direction of the needs of the community ; and they realize that by the community taking over and, through its own appointed officials, running such industries, with the aim of service instead of profit for a few, a large portion of the wealth that now goes to the small possessing class will be intercepted and help to lower, instead of increase, the cost of living ; and their belief that this will result is certainly not lessened by the frantic efforts that are being made by the millionaire coal-owners and their friends to prevent the control of that most profitable industry from being taken out of their hands.

The state of feeling of the workers in a matter of this sort is of incalculable importance ; in fact, it is of almost as much importance as the presence of the coal itself, for man is the one thing that cannot be worked like a machine ; you may ultimately by rifle and bayonet compel him to go down a mine, but you cannot compel him to produce a certain amount of coal ; what is more likely is that he will fraternize with the soldiers. Everyone who has employed people knows how great a part good feeling and a spirit of willingness play in both quality and amount of work, but you will never find in any of the numerous arguments put forward by any on behalf of the coal-owners against Nationalization and reference to this fact ; to them the state of mind of the 1,130,000 workers in and on the coal-mines is not worth mentioning.

Events have made Nationalization the leading question in the struggle between the propertied interests on the one hand and the mass of the workers on the other; and if it is going to be settled in a spirit of class hostility, I prophesy that we have before us a series of labour disturbances which may engulf the Nation in a state of hopeless chaos; but if it is considered and settled impartially in a spirit of brotherhood, solidarity and co-operation, as opposed to narrow class interest, we may yet see the happier world that many of us aspire to and some of us, alas, sneer at.

CHAPTER II.

WHAT PRIVATE ENTERPRIZE DOES NOT ACCOMPLISH.

From the strictly business point of view the most serious fault of private enterprize is that it is so wasteful. It requires no special training in economics to realize the enormous waste of money and labour entailed by the milk supply of a single street being divided over four or five different milkmen; you can often see in one and the same street, at the same time, three milk carts when, under a proper system of distribution, one would easily supply all the needs of the street.

THE WASTEFULNESS OF COMPETITION.

This overlapping applies to bread, coal, and practically all the necessities of life, and so long as this fearful waste of human and animal life, labour, and material goes on it is obvious that it has to be paid for by the community. When you pay for a loaf of bread or a pint of milk you are paying not only for the cost and upkeep of the cows, or for the materials of which the bread is composed, but also the wages of the thousands of men and women who are working unnecessarily on account of the supply being in the hands of thousands of different concerns. Small wonder, therefore, if hours of labour are long, and if the cost rises until many families cannot afford it. Be it milk, bread, or anything else, it is clear that a number of different dairies and bakeries, many of them not adequately equipped with modern plant, and overlapping

one with the other, is wasteful ; and the increased cost to the community on account of the wasteful distribution, wholesale as well as retail, amounts to such a figure per annum (which is as much wasted as if it were thrown into the street) as would astound anyone.

In Carlisle where the liquor trade has been nationalized we are told that "one brewery in the hands of the Board does the work done previously by four. One spirit bonding employing 14 persons and a motor lorry does the work less efficiently performed under private enterprize by 70 men and 17 lorries."*

THE RESULTS OF PRIVATE ENTERPRIZE.

Stripped of their abuse, the arguments levelled against Nationalization appear to be that management by State officials can never be so efficient as management under the incentive of private gain ; and, we are told, Government management or control leads to muddle, inefficiency, and political chicanery. There is a kernel of truth in the criticism that State management by Governments composed of our present governing class is far from satisfactory ; but what is never added to this criticism is that the results to the Nation of private enterprize have been still more unsatisfactory. One has merely to look at the state of the Nation just before the War to realize the truth of this. The poverty of the many, as contrasted with the wealth and luxury of the few, was only too apparent, and we have it on the authority of the Prime Minister, that in the matter of physical fitness, we are a "C3" Nation, which, if it means anything, means that the bulk of our population have been inadequately housed, fed, and clothed. Perhaps the most striking evidence in this connexion is

* *Daily News*, 29th November, 1919.

to be found in a book, entitled "What Happened to Europe," by Mr. Frank A. Vanderlip.*

Mr. Vanderlip is the late President of the National City Bank of New York, the greatest American banking institution and one of the great banks of the world. He spent the first few months of 1919 in Europe, and, by virtue of his position, he was possessed of unique opportunities for inquiring into conditions on this side, and during his visit saw and talked to almost everybody of importance in Europe who was in a position to give him authoritative information on economic affairs in this Continent. Mr. Vanderlip uttered some words of such wisdom that I cannot refrain from reproducing them here. He says :—

> I believe, however, that something more far-reaching and more disastrous than mere bankruptcy has happened to a number of European Nations. The most profoundly significant thing that I sensed in Europe is the disorganization and paralysis of industrial production. The paralysis is not confined to the War zone. It extends to the industries of the neutral countries. So long as it continues, there is danger of revolutionary development and of Bolshevist tendencies. Wherever unrest develops into Bolshevism—that new name for an old disease, anarchy—there is danger of contagion, and the disease is liable to spread to adjacent territory. This makes it necessary to regard Europe as a unit in any forecast of future conditions, for no Government is strongly enough fortified against the inroads of this microbe of social contagion to permit its future to be regarded as safe when its neighbours develop this type of revolution.

It is, however, when Mr. Vanderlip comes to deal with conditions in the United Kingdom that his remarks have particular application to the purpose of this book. He writes :—

> The differential that England has had in the last generation compared with America, and I believe in some degree with Germany, has been the differential of a wage scale that

* Macmillan, New York.

averaged lower than the point at which the physical efficiency of labour could be maintained. In order successfully to compete in neutral markets British industry has made a red ink overdraft on the future, an overdraft on the physique of her citizens, an overdraft that has consumed her house facilities; that overdraft must now be made good, at the expense of the Nation. At the direct expense of industry, a minimum wage must be paid, either voluntary or such wage will be fixed by law.

Naturally enough, these remarks of the great American financier attracted some attention in British financial circles, and, commenting upon them, Barclays Bank Ltd., in its circular of September, 1919 (that is, just a little before the railway strike), wrote as follows:—

We have to admit that very large numbers of our population have worked hard and for long hours, and yet lived under conditions which were a disgrace to a great nation—this while we were annually investing £200,000,000 of so-called "Surplus Profits" abroad.

We have also to admit that, at a time when our country was the greatest and wealthiest in the world, conditions of abject poverty obtained to a greater extent than in many small and comparatively poor countries. This position has to be adjusted, for we cannot logically emphasize to the mass of the population their duty to their country when there are sacrifices to be made, and forget its obligations to them when there are benefits to be shared.

We have it therefore on the joint authority of—

(1) The Prime Minister (who, in this matter, merely supplemented what a former Prime Minister, Sir Henry Campbell Bannerman, had expressed still more forcibly);

(2) An eminent American financier; and

(3) One of the great British banks,

that although we were the richest country in the world, much of the wealth held by the possessing class has been gained at the expense of depriving the mass of the working population of adequate food, clothing and housing, not to speak of the finer things of life.

I can understand an exasperated manufacturer, or a "captain of industry" exclaiming indignantly at this juncture: "Is it my business to see to these matters? Surely that is the job of the politicians." And he is right. And that is precisely why private enterprize has failed in the big industries, for of what use is efficiency in business to a *nation* if it results in the enrichment of a comparative few and the condemnation to a life of meanness, worry, and drudgery, and, above all, insecurity, of the mass of the population?

Even if it were true that private enterprize was invariably more efficient than any community-owned undertaking, the foregoing would be an unanswerable argument against the success of private enterprize, which must be judged by its results spread over the whole of the Nation.

THE "TWO NATIONS."

We have a world full of beautiful and wonderful things; at the disposal of some of us are the results of the genius of man throughout the ages. We have only to wave a wand, as it were, and the thoughts of the greatest minds are expressed to us. The most beautiful music is at our service, and so wonderful is modern technical development that it is not even necessary to travel to a concert hall; a touch of a knob on a polished cabinet in one's room, and there can be heard the finished performances of the best orchestras and the most celebrated singers of Europe. Do you wish to speak to your friend 100 miles away? You approach an instrument, and in a few minutes your object is accomplished.

Do you wish to travel? You may do so, dining and reclining in luxurious ease in a richly upholstered

saloon, with all sorts of comforts at your command; that is to say, it is at your command if you are one of the favoured few. For, while all this and more is at the disposal of a few sections of the community, one-third of our fellow citizens do not know what it is to feel secured in the possession of the material needs, let alone the refinements of life.

But even if we accept the standard of "efficiency" we find that directly we look at things from the point of view of public utility and convenience, private enterprize has failed lamentably in many directions on account of the fatal defect that practically each undertaking finds it necessary to make a profit on its own without thought of the general advantage—in short, to look after the interests of its partners or shareholders; and, quite naturally, too.

The gain to the community directly it ceases to be necessary to run each service with a view to making the maximum profit for itself, is shown in Chapter IV, entitled, "Nationalization and the Ideal of Service," but I give here a few instances of some of the manifest failures of private enterprize if we cease to regard dividends as the sole measure of success.

ELECTRIC POWER.

In the United Kingdom there are no less than 600 different concerns generating electricity for public purposes, without counting the large number of manufacturers, collieries, and others generating their own power. These have been put up, not on any concerted plan, but all independently of one another; most of them are ridiculously small and antiquated, and the overhead charges of a large number of concerns, each

working for its own hand and with a separate administration, must obviously largely increase the cost of production, which, equally obviously, is passed on to the public. Not only do the public, as consumers, suffer but also the manufacturers.

The importance of a supply of cheap power can hardly be over-estimated. Some time ago the Ministry of Reconstruction appointed a committee to consider the whole question of electricity, and after that committee reported, the Ministry asked a committee of chairmen of committees to report on the broad administration and commercial questions arising out of it, asking them to consider in particular whether electric power should be generated on a national system; whether it should be nationally controlled—if so, how; and if current should be supplied at a uniform price throughout the country. It will be seen, a large and comprehensive inquiry, denoting breadth of vision.

In their report (signed by five out of six members) this committee of chairmen stated that witnesses of high authority estimated the loss incurred by the Nation through its failure to take full advantage of electrical progress, at not less than £100,000,000 a year, which loss could be prevented by generating electricity under improved administration; and that the total amount invested in public electricity enterprizes in the whole country was £91,000,000.

Now, readers should note these figures carefully. We have it on the highest authority that, if properly organized so far as electric power is concerned, *the Nation would save each year more than the total amount of capital at present invested in the production of electric power.* Yet, if we did nationalize electric power, and the national electric plants showed a loss on the first year's working of £100,000, the Capitalist Press would

make a huge to-do about the inefficiency of State enterprizes, and, would gracefully glide over the fact that the Nation as a whole had saved in one year an amount equal to more than 100 per cent. of the total capital invested in electricity production. Of course, a State concern need not necessarily be run at a loss, and the ideal would be to supply power and light at cost with just a small margin over. Those who oppose the Nation supplying its own needs confuse the issue by talking always in terms of profits, as though high dividends distributed to a small number of persons were better than millions distributed over the whole community in the shape of cheaper living and better wealth distribution.

The committee of chairmen ended up by recommending that the production of electricity should be carried out by the State by means of a National Electricity Board, which should appoint an "Operating Executive" of men of the highest qualifications, and that an adequate measure of Parliamentary control should be exercised over the Board's finance. Now this, if not Socialism, is at least Collectivism—which I have defined as "the machinery of Socialism"—and among the five persons who signed it were Sir Henry Birchenough, Chairman of the London and South Western Bank, Sir Clarendon Hyde, and Mr. Leslie Scott, K.C.—certainly not a trio of Bolshevists.

In spite of this powerful report, the bill put forward by the Government, and as subsequently amended, does very little indeed to give effect to the foregoing recommendations, and is practically valueless.*

LONDON ELECTRICITY.

A striking instance of the disadvantage of allowing what should be great public services to be split among a

* See page 242.

number of different enterprizes is afforded by the various electricity undertakings serving London—some company owned, some municipal. Instead of having *one* great national or municipal supply for the whole of the London area, there are no less than 28 undertakings in the County of London, and 68 in Greater London. Will it be believed, that these undertakings have different voltages or pressures, besides which, some supply alternating and some continuous current, so that lamps, heaters, kettles, and appliances of any sort used in one street may be utterly useless if the owner moves two or three streets away! While this book is in the press I receive a letter as follows from a lady who removed from Pembroke Gardens to Hyde Park Mansions :—

> Isn't it dreadful that every district in London has a different voltage for electric light? Not a single fitting or lamp I brought from Pembroke Gardens is of any use here to me. Such a dreadful extra expense. How little we are helped by our Government to live on our reduced, small unearned incomes when we are taxed so heavily. It *is* a shame.

It is typical that this lady puts the blame upon the Government and not upon private enterprizes, but in a sense she is correct, for a Government composed of people who place the idea of service or the benefit of the people above that of the private profit of a few would never tolerate, let alone encourage, this sort of thing. It should be noted, moreover, that in the case of electricity, the well-to-do and middle class are immediately affected, rather than the poor, but when it comes to a matter of private profit, our governing class is quite as much prepared to sacrifice any section of society; the working class suffers from the fact that this sort of thing prevents them from having cheap electricity at all, and in this connexion readers should turn to the extract headed "Things that Tommy notices" on page 239.

LACK OF UNIFORMITY.

The following quotations from speeches of Sir Eric Geddes, formerly acting General Manager of the North-Eastern Railway and subsequently Minister of Transport,* made in the House of Commons on 17th March, 1919, and 7th July, 1919, speak for themselves and show the chaos and muddle and waste that has arisen on a railway system divided up among a few hundred separate companies :—

> I know of cases—I will not say I have had nothing to do with them myself—where goods for Northern markets were deliberately influenced to a Southern port in order to get the haul over the railway, and goods for Southern markets were deliberately influenced to a Northern port—things that were identical in quality and everything else. That kind of thing is going on all over the country. That is a waste of movement. Who pays for that? The community pays, and it is no blame to the agencies concerned. They try to do the best for themselves. That is their business. The community pays, the consumer pays, and the transport-workers pay, because they do not get paid enough. It is in that way the money goes. Again, we have got to remember that the shareholders are paying, and they are entitled to consideration too; and, last of all, the taxpayer is paying £100,000,000 a year. He is entitled to consideration. Throughout the country you have got waste movement, and if you are going to pay the great bill that is against transportation to-day you have got to stop that. You can then get goods through to their destination without any undue burden upon the consumer, and the transportation system of the country will be healthy, which it cannot be to-day.
>
> For my part, I think with the situation as it is that it would be nothing short of criminal to let the old system of competition between light railways and roads, between railways and canals, and between different docks go on. You must make one block of capital do the work now, not two. You

* A leaflet giving a number of these extracts may be obtained free of charge on application to the Railway Nationalization Society, Trafalgar Buildings, Charing Cross, London, W.C. 2.

cannot afford it. Of course, this will come as a shock to some idealists who believe in individual effort. We all have our dreams and many of us have our dream islands, which we think of in the morning before we get up. I have no doubt that the dream island of the trader is full of courteous canvassers offering cheap fares, light rates, and fast special trains. But when he has had his cold bath in the morning that goes. But this is a cold bath which the country has got to take. The transportation agencies of the country to-day are barren and paralysed and we have got to get them right. Therefore I feel sure that if the House decides that the era of competition is gone it must logically put every means of transportation under the one control, and you must not leave out anything, otherwise you will have competition immediately, and you have got to trust somebody or someone.

See also page 38 regarding "Pooling of Railway Wagons."

RAILWAY STATIONS.

Take a case that will be familiar to almost every reader. You may be travelling from, say, Sheffield to Leicester, and then have to go on to London. You have to carry your luggage something like 1½ miles across the town because, forsooth, one line belongs to one company and another to the other, and "never the twain shall meet." It is not as though the second station served the convenience of a large section of local residents; and, given national ownership, we should not have this vexatious duplication with all its waste. Have you ever, dear reader, had occasion to travel from, say, platform No. 8, Victoria Station, London (South Eastern and Chatham Railway), to platform No. 9, Victoria Station, London (London, Brighton and South Coast Railway)? The two stations form really one building, but if you wish to get from one platform to the other you had better take your lunch with you,

as the wit of man, under the stimulus of private enterprize, has contrived that it shall be a long and arduous journey. In the shape of that foreign frontier, the boundary wall separating the two halves of the station, and involving the loss of a large amount of time and trouble, we have a standing monument to the effects of private enterprize; had the railways been under one ownership—that of the State—when the station was built only a few years ago, it would never have occurred to anyone to do otherwise than to permit direct access from one part of the station to another.

WASTEFUL HANDLING.

It is notorious that in almost every industry the cost of the article is enormously increased by the large number of middle men through whose hands it has to pass. At the outset these middle men may have served a useful function, but in course of time they have become unnecessary and are, as such, as big a drag upon society as if they were loafers performing no work at all. In fact, they are worse than this from the point of view of society, for by making so much unnecessary work they are wasting the time and energy of thousands of others who might be producing things that are required.

In November, 1919, a company entitled "Direct Fish Supplies, Ltd.," invited the public to take up shares for the development of a business indicated by the title and in an accompanying leaflet it described the present process as follows:—

WHY FISH IS NOW DEAR.

The public, at present, is unable to secure proper supplies of fish at all, and when fish is to be had it is often stale and always very dear.

To understand why this is so, one must understand what happens to the fish.

Most flat and round fish is caught by big steam trawlers, which arrive at the chief fishing ports such as Aberdeen, Dundee, Hull, Grimsby, Lowestoft, and Fleetwood, laden with many tons of sound, wholesome fish well iced to keep it fresh.

It is then taken out of the cold room in the boat and exposed in large boxes upon the dock quay for sale. It is afterwards purchased by some big local wholesale merchant, who re-sells it to different smaller wholesale local buyers, who in turn re-handle it in their own boxes and despatch it to an inland wholesale market, say at London, Leeds, Glasgow, Sheffield, Birmingham, Cardiff, Manchester, etc.

The fish is then sold by a provincial wholesale salesman to local provincial wholesale dealers, who re-handle and re-sell it to retail fish merchants, and eventually, in a less fresh state, it is exposed for sale to the public. Sometimes it passes through even more, and rarely less, numbers of hands, each one of which has a substantial profit. But even if retailers obtain fish cheaply many of them still keep up their retail prices. During October, 1919, several hundreds of tons of fish were destroyed at Billingsgate, London, alone.

THE COMING OF THE TRUST.

We have heard much in the past of the benefits of competition, but the public has learned by experience that any improvements in service that may arise from competition are of short duration. In the long run the public always has to pay and competition ends up in agreement and combination—the principal incentive being still private profit. The report of the Committee on Trusts (No. 9236, price 6d.), issued in 1919, is an eye-opener as to the extent to which trusts and combines are already in operation in the United Kingdom, and readers of this book are strongly

recommended to obtain that report. Many of the trusts are international in character, and the following extract from a recent issue of the *Westminster Gazette* is interesting :—

> According to the figures given by Mr. Palmer, the United States Attorney-General, in opening the proceedings against the Chicago packers, the " Big Five " control 75 per cent. of the meat supply of the States, 40 per cent. of the eggs marketed, and a larger proportion of the cheese, and sufficient of the rice to dominate the market. We quote *The Times* message, which goes on to say : " They had the vegetable canning industry by the throat, and were largely on the wholesale grocery market." There is nothing new in this story. It has all been set out in these columns at various times. The interest to ourselves is that what is true of the United States is rapidly becoming true of Canada, of South America, of Australia, and of the market in this country. We take it that this prosecution in the United States will be followed closely by the new section of the Board of Trade dealing with profiteering ; and we would suggest a very earnest inquiry into the extent of control which the meat packers have over the dinner table of the British citizen.

THE GOLDEN PERIOD OF COMPETITION.

There is a period when competition may temporarily benefit the public. This is at the moment when two parties, catering for the same need, find each other's competition irksome in that it cuts down, or threatens the disappearance altogether of, their profits. In trying to get the better of each other with a view to driving each other out of the field, they give up the object for the time being of making profits, and concentrate their energies upon giving the best possible service to their customers. This is excellent for the customers, but it

does not last; it is manifestly framed upon the idea of gaining the bulk of the business from the other fellow, and either ruining him and driving him out of the business or making him come to some arrangement suitable to both parties. Sooner or later one sells out to the other, or it ends in an agreement, written or understood, not to "cut" prices or rates any more.

Those individualists who honestly believe in the advantages of competition keep their eyes fixed upon this golden period of competition, ignoring the fact that by its very nature it cannot be lasting, and the policy of those of our politicians who have really meant well during the past generation or so has been based on the belief that it is possible to stabilize or secure the continuance of that happy state of affairs of what was only a temporary struggle. Manifestly you cannot compel people by Act of Parliament to go on cutting one another's throats; moreover, the whole theory of the advantages of competition of this nature is based upon something that is fundamentally unsound, namely, the desire to crush out or "best" the other fellow instead of the desire to render service.

The gentleman who writes those excellent notes that appear weekly in the *Observer* under the heading of "At Random" was quite right when he wrote on 11th January, 1920:—

> Any increase that is ultimately made in the Tube fares will, of course, apply also to the buses. Perhaps it was a mistake to permit the two systems to amalgamate, for every trust inevitably finds itself up against public sentiment. The safeguard of competition being removed, the citizen has no protector but Parliament; and there is an uneasy suspicion that M.P.'s, being, most of them "in that line themselves," do not exhibit a too rigorous disinclination to increase one another's dividends.

DISREGARD OF HUMAN LIFE AND HAPPINESS.

All opponents of Nationalization urge as one of the chief objections that only the desire for profit can create incentive and enterprize. If it were true (and it is not, although, as indicated later in this book there is a substratum of fact in it) it does not alter the circumstance that this same incentive results in a great number of injurious things, such as adulteration, short weight and measure, misdescription of quality, cheating, and the like, which, incidentally, have a demoralizing effect upon all, including employees, who have to be parties to these undesirable things in the mad hunt for monetary profit. It also leads unavoidably to a disregard of human life, limb, and happiness.

In an official report dated 24th August, 1912, Colonel Sir H. A. Yorke, C.B. (then Board of Trade Inspector of Railways, but now a director of the Great Western Railway, the London, Chatham and Dover Railway, and other railway companies), wrote regarding an accident caused by the breaking of a three-link coupling :—

> It would be well for the railway companies to look into the strength and design of the coupling which is in general use on goods trains. . . . Great Britain, so far as my experience goes, is the only country that uses it. Even if a little more money were spent upon it, it would still remain the cheapest coupling in the world.

We have it here then on the authority of a gentleman who is now a director of at least one great British railway company, that under our system of railways, run as enterprizes for private profit, an inferior coupling and, indeed, the cheapest in the world, was in use ; bear in mind that the breaking of a railway wagon coupling almost inevitably leads to an accident, and

may easily occasion death. Perhaps, however, the most scathing, albeit unintentional, indictment of the system of private enterprize in regard to life and limb was afforded by the following note in the financial article of the *Observer*, dated 22nd September, 1912, after a terrible accident on the London and North Western Railway at Ditton in that month, when 16 lives were lost and about 80 people were injured. The writer of that article wrote quite innocently :—

> There is some nervousness in the market and among railway shareholders generally, however, lest the particularly distressing circumstances of the accident may not compel the Board of Trade to make more stringent regulations for safeguarding the travelling public, which would, of course, mean heavier expenditure for the railways in the near future.

The examples given above are merely a few of those that might be cited, but the main indictment of private enterprize is that it inevitably has regard only to the making of the utmost possible profits for its proprietors and shareholders, and not the good of the public. If one concern with a capital of £1,000,000 pays a 5 per cent. dividend by providing good bread or good houses and another with a similar capital pays dividends of 15 per cent. by selling flavoured water written up by numerous advertisements as a wonderful tonic, the second company is regarded as infinitely more successful than the first.

But the final indictment of the system of private enterprize is that it be judged on its results on the working population of the country as set forth at the beginning of this chapter. And let us bear in mind again, that it is an indictment of a system and not of individuals, although it is comprehensible enough that the most intelligent of the working classes should have a feeling of bitterness against those who fight for a continuance of the present system, and this bitterness

which is the most important factor in the country at the present time, affecting its future prosperity, is itself the proof of what private enterprize has accomplished; what it has not accomplished, is to create a prosperous, happy, and contented population.

All this, however, does not prove that Nationalization or communal ownership is necessarily a remedy; arguments to that effect will be found in the following chapters.

CHAPTER III.

OUR GOVERNING CLASS AND THE PROBLEM OF BUREAUCRACY.

One of the commonest objections against Nationalization or community ownership is that Government management is inefficient and means a swarm of officials —in other words the formation of a bureaucracy. Even so convinced a socialist as myself would not attempt to deny the odium which attaches to the word " bureaucracy " throughout the entire world ; but as the whole trend of things is evidently towards the multiplication of community-owned enterprizes, which automatically involves an increase of officials, the time has now arrived when it may be worth while to investigate the causes of the widespread unpopularity of Government management, to consider what the criticisms are, how far they are justified, and to what extent it is possible to remove the causes of discontent. It will be necessary to determine whether the things criticized are peculiar to the management of community-owned concerns, or whether they are inherent in any class of undertakings as a whole, whether subject to private or public management.

The chief complaints against Government management are red tape, inelasticity, lack of enterprize, inefficiency, and uneconomical working. Red tape is not peculiar to community-owned undertakings ; it is inherent in large concerns, and if we associate it so much with Government undertakings, the reason is that Government undertakings are invariably big concerns. The fact is that, with the growth of population and of

civilization itself, all services and enterprizes tend to become larger; magnitude in a business undertaking leads to the stereotyping or uniformity of terms, conditions and materials, and tends to stamp out those little individual touches that are dear to many of us. In other words, the state of affairs that is comprehended under the descriptions of red tape, inelasticity, rigidity, or deadly uniformity, is the price we have to pay for the increased facilities that are placed at our disposal by great undertakings; and, generally speaking, these drawbacks are inseparable from all large enterprizes, the company-owned railway or tramway, as well as the State-owned Post Office.

There is a more subtle explanation of red tape in Government departments, viz.: that, whereas a privately owned business concern exists primarily for the purpose of making profits for its partners or shareholders, and only secondarily for the purpose of performing a service or manufacturing goods for the community (which is proved by the fact that if it does not make sufficient profits out of one service it rapidly turns to another), the Government department, being the organ of the community, has clearly defined as its function the provision of a certain service and is conducted on the assumption that it is its duty to hold the scales evenly as between one citizen and another. A large business house, for instance, will have a varying scale of discounts, and may offer, in respect of the same quantity and quality of goods, a discount of 12½ per cent. to a customer in Plymouth, and 15 per cent. to a customer in Manchester. If the Plymouth man discovers the differential terms and complains, he is regarded as a nuisance, but is either mollified by being placed upon the same terms as the Manchester man, or, if he becomes unduly troublesome, is, in the last resort,

told more or less politely that he may take his business elsewhere. True, this means the loss of a customer, but after all, time is money, and fresh customers can be gained. In the case of a Government department, however, it is quite another matter, and if a man in Plymouth receives more favourable terms than one in Manchester in connexion with the same affair, it is regarded as a very serious thing indeed ; questions may be asked in Parliament, and public indignation poured upon the department or official concerned.

In some services vital to the whole community, such as railway transport, the Government has found it necessary, where such services were privately owned, to exercise control to see that secret rebates and advantages are not conceded to one trader to the detriment of another. An instance of this is the control exercised over the railway companies by the Board of Trade. It is this dual control, however, which is wasteful and involves the duplication of officials, and it was pathetic to find a steel manufacturer contending at a Chamber of Commerce dinner the other day that the proposals to nationalize the coal-mines of the United Kingdom would be harmful *because they tended towards duality of control.* The fact is that in the realm of those big public utilities or services which are still in the hands of private enterprize and have perforce to be subjected to interference at the hands of representatives of the community, we already suffer from duality of control, and it is gradually becoming apparent to the people that it may be cheaper, and certainly healthier, for the municipality to look after its own milk supply, for example, than to leave it in the hands of a number of conflicting interests and employ a large but even then insufficient, body of inspectors to check adulteration, contamination, and short measure. What

has to be destroyed is the *incentive* towards these evils, and that is only possible by the community running a service *as a service*, and without the incentive of pecuniary gain.

It is probably true that *monopoly* tends to a reduction of enterprize, and in this respect the taking over of a service or industry by the State, which almost invariably means a monopoly, does conduce to some falling off in this direction. This holds good equally of private undertakings enjoying a monopoly, and whether one likes it or not, most great services and industries appear to be inevitably moving in the direction of being under the domination of four or five big concerns; be it meat-packing companies in America, or banks in the United Kingdom, it is difficult to prevent by any outside control, some sort of working agreement, which may not even be put into writing, but does operate in the same manner as a trust. The two alternative forms of industry in the future are trusts and combines on one hand, and nationalization on the other; and each form has its own bureaucracy!

Still, it will be urged, Government undertakings are not marked by that degree of resiliency and spirit of accommodation that characterizes most commercial concerns. It is true that if the Post Office were run on purely commercial lines, it would probably charge 6d. to convey a letter from London to Edinburgh, 1s. from London to Australia, and a halfpenny from one London suburb to another, as compared with the present flat rate of three-halfpence. It would carry the millions of letters of the Prudential Assurance Company at a cheaper rate than the letters of a person posting only one a week; but, when all is said and done, the Post Office does, on the whole, render the community good service and, prior to the War, at any rate, it made

an annual profit of about £5,000,000, and published each year a list of additional concessions or extended services, which is more than the railways did, with all their private enterprize.

Thus far, this chapter may appear nothing but a defence of officialdom and may, in the mind of some readers, have aroused a suspicion that th writer is determined not to see the evils of bureaucracy. The answer is that, after making full allowance for special circumstances, evils do exist; but, that, in the main, the complaints against the officials of community-owned undertakings constitute an indictment, not of the officials as such, *but of a whole class—the governing class—which dominates not only government, and in a less degree municipal, enterprizes, but all the big businesses of the country*. This class is, on the whole, incompetent and not even educated; when a successful business man, springing from it, goes to a Government department, he, more often than not, turns out to be a failure. How is it that the man who in business may have risen to the top, proves, when he assumes office in a Government department, to be just as inept as his brother at the War Office and his cousin at the Home Office? Because, directly the searchlight of publicity is thrown upon him, his weaknesses are revealed. It may be said that, even if this is true, there is this difference between a Government department and a private business: that inefficiency which would ruin the latter and cause it to suspend operations, would not have the same result in a department having the resources of the whole Nation behind it. Large and successful businesses, however, can and do stand a great deal more inefficiency and waste than people imagine. If the searchlight of publicity were concentrated upon private undertakings, as has recently been done upon the coal-mines, many

a well-known business would make a much worse showing than public enterprizes which are the target of public criticism. The management of many community-owned undertakings—those of London, Glasgow, Manchester and Liverpool for instance—compare favourably in efficiency with the largest business concerns in the country, and that also in the matter of enterprize.

Returning, however, to our comparison between the business that would be ruined by inefficiency and the Government department: by the time the ordinary big business became bankrupt through the inefficiency of its principals, public criticism, in the case of a Government or municipal department similarly mismanaged, would have become so great that the faults would have to be remedied. In this matter I agree with the writer of the leading article in the *Spectator* of 29th March, 1919, who, under the heading of "The Brighter Side of Nationalization," pointed out that publicity is a very real safeguard against the dangers of bureaucracy. "If there is one thing that officials fear," wrote this usually severe critic of public enterprize, "it is a public chorus of complaint echoed in the newspapers and in questions to ministers in Parliament."

After sifting out the chaff from the wheat in the matter of the popular criticism of bureaucracy, there remains the fact that our Civil Service, as at present constituted, is less enterprizing and more hide-bound than is desirable, and for this there is a fourfold explanation: (1) The higher grades are the preserve of a small class, the incompetent class to which I have alluded, coming principally from the two older universities; (2) The class referred to has not yet realized the difference that has come over the functions of the Government of to-day as compared with the Government of yesterday, the difference between *gestion* and

administration, the old tax-collecting and policeman State having now to manage undertakings which previously came under the heading of trade; (3) This governing class does not wish to develop State enterprizes that would compete with, and diminish the profits of, private undertakings owned or controlled by its own relatives and friends. We at present have the extraordinary but gratifying spectacle of the Postal Workers' trade unions agitating for the introduction of the postal cheque and increased Post Office banking facilities—a development naturally distasteful to the private banking interests; (4) The paralysing effect of the Treasury, that stronghold of petty obscurantism, which holds back every attempt at progress on the part of any other Government department.

Point (3) of the preceding paragraph deserves amplification. A political and industrial "Who's Who," showing relationships by blood and marriage, would reveal the fact that the country is governed by a number of dynasties, each of which has one branch in the Government—either in the Cabinet, Parliament, or public departments—and one branch seated in the saddle in industry, as directors of the great banking, insurance, shipping and industrial undertakings of the country. Sometimes the two functions are combined, and if your industrial magnate goes into the Government and is therefore compelled to relinquish his chairmanship or directorship of a great private undertaking,* the post is kept warm for him should he unfortunately lose office (in which event his relative in the Opposition will probably take his place), and in any case he and his family retain their large share interest. It is expecting too much from human nature that such

* This only became the rule a few years ago.

men should act in a manner contrary to the interests of themselves, their relatives, and their class; quite unconsciously in many cases they do this, feeling convinced that it is the best for the country. Is it to be expected that men of this description, opposed to the principle of community ownership which would affect the position they and their class hold, should really endeavour to make a success of Government undertakings? The interests conflict too violently. If force of circumstances compels them, as it does, steadily to increase the size and number of Government undertakings, they do the best they can for their friends and class.

When the State-owned Post Office negotiated for the purchase of the National Telephone Company's trunk lines, the Postmaster-General was the late Sir James Fergusson; he initialled the terms of the agreement, and when it was completed three to four years later, *Sir James Fergusson became a Director of the National Telephone Company!*

The bitterest opponent of the principle of Nationalization in any shape or form who appeared before the Coal Commission in 1919 was Lord Gainford, who, as the Rt. Hon. J. A. Pease, was Postmaster-General, i.e., head of the biggest State undertaking in the British Empire. To place a big coal-owner, himself an inveterate opponent of the community owning and operating its own undertakings, at the head of the biggest community-owned undertaking in the country, was quite a normal thing, and in this matter there has never been anything to choose between the Conservative and the Liberal Parties. Sir James Fergusson was a Conservative, Mr. Pease (now Lord Gainford) was a Liberal. It is as though the Primrose League or the Conservative Party were to ask Labour Party officials to run their

movement or organize their demonstrations ; or, as if the Liberals were to ask the Conservatives to take over the management of Liberal party matters. In their own affairs neither the Conservatives or the Liberals do anything of the sort ; but when it comes to running services and undertakings for the community they place them in the hands of persons who are absolutely opposed to the principle! *Doing their utmost to throttle State enterprize, they then actually bring forward their lack of success as an argument against the principle itself.* When the Labour Party and others advocate Nationalization, they certainly do not mean Nationalization under the control of Sir James Fergussons or Lord Gainfords, but under the management of people who desire the thing to work and not to fail, with the additional safeguards of democratic control and participation of the workers in the management, as set forth in Chapter VII.

Hard words have been used above as to the incompetency of our governing class, and it may be well to give an example or two.

For years railway reformers have pointed out the enormous economies that could be effected by the railways if the railway wagons were pooled, and when some years ago, I wrote in a newspaper article that an intelligent child of seven could see the enormous advantage of such a course, I was bitterly attacked. A great war comes upon us and forces our governing class reluctantly to remove some of the disadvantages of private ownership of the railways. Pooling of wagons is advocated, and the newspapers of 19th January, 1916, contained the following paragraph :—

"POOLING" OF RAILWAY STOCK.

PROTESTS AGAINST THE PROPOSAL.

Strong protests from railway companies and owners of private wagons have been received officially against the

proposed pooling of railway rolling transit stock. Originally the proposal, which came from the Coal-Mining Organization Committee and the Port and Transit Committee, pointed out the advantage which would be secured to the national trading and commercial interests by a practical system of pooling traders, says the *Central News*, and railway wagons in all the big clearing centres where mineral and agricultural supplies and general merchandise were awaiting distribution.

The general lack of railway tonnage up and down the country has influenced the representatives of the Coal-Mining Organization Committee to seek for some remedy and the Committee has now recommended that the Railway Executive Board be advised to prepare without delay a scheme of pooling railway stock suitable to the various districts, and that it be submitted to a representative meeting of coal-owners, railway traffic superintendents, and others for their consideration. A covering memorandum, it is understood, states that the committee is strongly impressed with the evidence it has examined of the necessity of immediately devising a scheme in the national interest. *It would be for the period of the War only, and, it is credibly reported, would lead to a very large and substantial saving in the cost of transit and considerably assist in improving railway conveyance.* It is believed, says the agency, that the Board of Trade is of opinion that serious difficulties would have to be surmounted before such a scheme could be adopted. The committee, however, suggests the advisability of introducing legislation to compel the adoption of a pooling arrangement. In the meantime many interests are energetically protesting against the proposed arrangement, for fears are undoubtedly entertained by trades and railway managers that once railway traffic stock is compulsorily commandeered it will go a long way towards assuming a continuance of State control of the British railways at the close of the War.

The passage I have shown in italics should be noted; to conciliate private interests it was pointed out that "the very large and substantial saving . . . would be for the period of the War only." Delightful, is it not? But wait. In May, 1916, Mr. Walter Runciman, President of the Board of Trade, was asked in the House of Commons whether he was taking any steps to pool the

whole of the wagons in the United Kingdom in one central authority. He replied :—

> After looking very carefully into the subject I came to the conclusion that there would be no saving or increased efficiency by pooling privately-owned wagons.

I have no particular grudge against Mr. Runciman, whom I have never met and whom I know merely as the son of a millionaire shipowner, but he is one of the leading Liberal statesmen, has held high office, and is, I should say, a typical representative of our governing class. After giving the subject careful consideration, this gentleman, President of the Board of Trade of this great country, came to the conclusion that the pooling of private-owned wagons would result in "no saving or increased efficiency." The War went on, however, and in spite of the well-considered opinion of the Rt. Hon. Mr. Runciman, wagons *were* pooled to a considerable extent. This is what Sir Eric Geddes said as to the result, in the House of Commons on 7th July, 1919 :—

> To show what can be done with the common user of wagons, which was only brought in during the War, we find that in the instance of one railway system where they watch the working and compare the difference between the two systems, we found that whereas the empties used to be 75 per cent. of the loaded passing through certain selected points, after common user was introduced it fell to 34 per cent.
>
> A similar example taken in rather a different way on another railway gave a decrease in the empty haulage, without any other explanation, of 34 per cent. between two comparable periods. In shunting we have two estimates by two independent railway companies, not made out for the purpose of this Bill at all, but for purpose of seeing what advantage they had themselves gained by the common user of rolling stock. A Scotch railway took six specific points, and they found they reduced the shunting by 50 per cent. by being able to send wagons anywhere, instead of having to sort out individual empties to send to a particular destination. It

that was the case with the common user of railway-owned rolling stock, how much more would it be the case when you have innumerable collieries and works, all of which must get back their particular wagons which have to be sorted out of the empties which are in the yard. Another railway has estimated its saving in engine power. None of these estimates have been got out on a common basis, but they have been got out by the railway companies for their own information as to what was gained by a common user. This particular railway company finds that in engine power alone, with a common user of railway rolling stock, there has been a saving to the country of £2,800,000. These are the practical instances which have been able to obtain of the result of a common user applied to their own stock.

Lest it be thought that Sir Eric Geddes is a violent nationalizer, I quote the following extract from the *Financial Times* of 27th October, 1919, which indicates that this gentleman can see only a certain way ahead ; but some years hence he or his successor will be quoting statistics to show the enormous economy and increase of efficiency that have been brought about by that complete system of return loads that can only be accomplished by means of State and municipal road services :—

NO STATE ROAD TRANSPORT SERVICES.

It is not unnatural that Sir Eric Geddes, the Minister of Transport, being a doughty opponent of railway nationalization, should also be against State motor transport. Sir Eric holds that private enterprize must take up and develop the system of road transport if the best results are to be obtained. The Government lorries being used to relieve the congestion at the docks are to be returned to the Disposal Board and sold by auction. Where the lorries are of special value to the districts to which they are allotted there will be no difficulty in acquiring them for private enterprize. Road transport proved itself of real value during the railway strike, and its future possibilities aré unlimited. If exchanges for goods were established in all the large towns, so that lorries could bring loads on the return journey, an enormous

saving would be effected. It is reported that Liverpool is organizing a motor transport scheme to be administered through a motor haulage clearing house. The scheme is backed by the Chamber of Commerce and encouraged by the Ministry of Transport, and may be the precursor of other clearing houses to be established in all large industrial centres.

But let me give some further opinions of our governing class by other observers. The *Economist* is a journal the general policy of which is in complete opposition to Nationalization. Here is its opinion, as expressed in its issue of 6th December, 1919, of Mr. Bonar Law, ex-Chancellor of the Exchequer :—

Mr. Bonar Law made some remarks which were not exactly inspiring. "The financial position," he said, "is not so bad at all as many speeches and many newspapers have tried to make us believe. I am myself convinced that the moment the country is really satisfied that there will be no more borrowing it will not be very difficult to get our Floating Debt funded. In my belief, that is the one way by which we can reduce the inflation from which we, like all other countries, are suffering. After all, the Bank rate varies; it is high now, it may be lower, though I do not prophesy," and so on. Was ever such a meal of unsatisfying platitude ladled out to a House of Commons by an ex-Chancellor of the Exchequer? Of course it will be easier to fund the floating debt if ever the country is satisfied that there will be no more borrowing, but what reason has the present Government given it to expect that that day will ever be reached? *There is little hope of our seeing it, as long as our financial destinies are in the hands of people who were £240,000,000 out in their estimates, made a bad failure of an attempt at a funding loan, and then had not the pluck to impose a pennyworth of fresh taxation, but propose to continue their policy of finance by kite-flying, on the methods popularized by Mr. Dick Swiveller.* If the Government would tell us that whatever happens they will not borrow another penny, except by way of renewal or funding, after the end of the current financial year, we might at least see daylight ahead. Instead of which they lighten our darkness by telling us that "Bank rate varies."

The following comment from the *Stock Exchange Gazette* of 6th November, 1919, on old age pensions, is, when one comes to think it over, as effective an indictment of our governing class as can be compressed into three lines :—

> The 7s. 6d. per week must become at least 10s., and even then the scandal of the slow starvation of the old and infirm of our land will hardly be removed.*

But, it may be said, it is easy to run down the men who do govern the country, but are you sure that others will be any more successful? The obvious answer is that they are not likely to do worse, and that there is more real efficiency shown by the working men who, in their committees and executives, have built up the wonderful co-operative and trade union movements of the country than by the average representative of our present governing class. As a matter of fact our governing class does very little itself, and when it does the effects are usually disastrous. Generally speaking, when something has to be done, it rings an electric bell, when in walks some intelligent member of the middle class, who is told to organize or arrange for something to

* Towards the end of December, 1919, this small increase was hurried through the House of Commons—two days before the Spen Valley by-election. The following is from the *Daily News* of 17th December, 1919 : " At a Coalition demonstration at Leeds last night, Mr. A. Chamberlain said he could not guarantee there would be no additional taxation next year. He had stated that additional taxation might be avoided, but he had never promised that it should be. All would depend on the additional expenditure incurred.

In this connexion he issued a stern warning against avoidable expenditure, both national and individual. He criticized the finding of the recent Old Age Pensions Committee, involving an expenditure of £40,000,000. *He was not lacking in sympathy for the aged poor, but was it reasonable he asked, to expect a country so burdened as ours to undertake such enormous fresh liabilities?* "

be done; and, lo and behold! it is done. That middle class which has to supply most of the brains is itself revolting against this state of affairs, and is joining the Labour Party in rapidly increasing numbers. In a subsequent chapter on the Press, reference is made to the extent to which the governing class is wholly divorced from the state of feeling in the country, due largely to its own manipulated Press, which acts like a boomerang and misleads its owners and controllers as effectively as it does the mass of the population.

Some of the foregoing remarks will seem bitter, but I believe them to be true. Of course there are exceptions, and some members of our governing class are quite competent; but so low is their standard of capacity and real education* that a man who, in the ordinary walks of life, would not attract any special attention or be regarded as a superior being, can quite easily achieve the reputation of being a clever man if he happens to be born into the ruling caste of to-day. His reputation is newspaper fed, and it is a common experience which hundreds of readers will have had, to go to a public meeting and hear an eminent member of that class give an address, and be quite startled at his mediocrity.

One can, however, see the end of this governing class, the more intelligent members of which have already joined the forces of the future. Mr. F. A. Vanderlip, the late President of the National City Bank of New

* In Professor J. M. Keynes's "Economic Consequences of the Peace," he writes that of the four statesmen who conferred to decide the destinies of the world, only one, M. Clemenceau, knew both English and French, neither President Wilson nor Mr. Lloyd George knowing French, whilst "it is of historical importance that Orlando and the President had no direct means of communication." A conference of statesmen, if you please!

York, and one of the most distinguished of American Bankers, in his book "What Happened to Europe," some extracts from which have already been given wrote therein :—

> There is truly a young intellectual aristocracy growing up in England, fed from the ranks of Labour, and having an outlook and understanding, a sympathy, and withal a grip on the economic verities that marks the most promising and significant development.

The remedy for the evils that still attach to government management lies in diminishing the power of our present governing class in politics, finance, trade, and industry; in weeding out in the public services the most glaring cases of incompetency; in emancipating the commercial undertakings of the Government from Treasury control, and substituting therefor control by Parliament itself; in the education and training of a special class of civil servant, suitably equipped in a technical sense but, above all, with the right ideas; and in the participation of the workers themselves in every branch of the management. As Sir Henry Jones so wisely remarks in his "Principles of Citizenship": "If I were asked what is the best way of securing that democracy—the worker—shall deserve to be entrusted with the supreme care of his country's good, I would answer, 'Give him as soon as possible the responsibility.'" If we want people of the right type of mind, we must train them. Our newer universities, and the London School of Economics in particular, are already turning out officials of this description, and when Labour comes into power, it will have no difficulty in finding at hand a sufficiently large number of men and women, adequately educated and equipped, to infuse its ideals into the various State departments and services. Publicity is the one effective safeguard against the dangers of

bureaucracy, and in a community in which practically every adult person is an elector, the bureaucracy does, in the last resort, reflect the spirit of the community itself.

CHAPTER IV.

NATIONALIZATION AND THE IDEAL OF SERVICE.

The incentive to personal gain that underlies private enterprize has resulted in many improvements and many benefits, but it has, unfortunately, brought with it the evil of encouraging individuals to make all the profit they can without regard to the well-being of the community, with the result, as shown in the previous chapters, that the few have become rich and are able to enjoy the good things, and that the many are poor. If we could have had the good side of this incentive which underlies private enterprize, without the bad, the improvements and benefits it has brought about would have been spread over the whole population instead of being limited to the few who are either astute, fortunate, or well connected. Many of the things out of which money is made under the present system are not in the least beneficial to the community; some of them, in fact, are the contrary. As regards the contention that without the incentive of personal profit (which, if it comes to be analysed, means, not reasonable remuneration, but liberty to make as large a fortune as circumstances permit), improvements and inventions will cease to come about, the answer is that—

(1) The inventor invents because he *must*, being born that way;

(2) Under the present system it is a very rare exception for the inventor himself to make a fortune out of his discovery, those who finance him taking the "plums"; and

(3) Given a state of affairs in which every citizen willing to work is assured of a fair income, and security

for dependants in the event of his death or disablement, people will go on inventing and making improvements, without regard to whether they result in increased spending power or not.

It is a complete libel on human nature to think that the only powerful incentive in man is that of making money. If most of us are compelled to-day to devote the greater part of our lives and a large part of our activities towards making money, it is wholly on account of that dreadful sense of insecurity which the present system has resulted in for the mass of the community. Once this sense of insecurity is removed, as it will be when the full programme of the Labour Party is adopted, people will work with a wholly different spirit, and not in that feeling of sullen acquiescence or lack of interest that is prevalent to-day. How can people be expected to put their hearts into work if they are smarting under a sense of injustice? And what is the use of talking about the necessity for increased production when the workers see around them a privileged class (in many cases only too obviously neither industrious, estimable nor particularly intelligent)—when they see these people with their flunkeys and fine motor-cars, and when they find their newspapers filled with illustrations of the features and doings of these persons who are not even always ornaments to society? This is plain speaking, but we live at a time when plain speaking is necessary.

WHAT IS "EFFICIENCY"?

One hears a great deal of the efficiency of private enterprize, as compared with the inefficiency of community-owned undertakings. If one examines the criticisms it will be found that by the efficiency of

private enterprize is meant the earning of large profits. If this standard is accepted the apostle of private enterprize has won his case. If a dairyman waters milk and underpays his employees, of course he will show bigger profits than a municipal milk undertaking which supplies absolutely pure milk, pays an adequate wage, and gives its employees good conditions as regards holidays, pensions, etc.

WANTED—A COLLECTIVE POINT OF VIEW.

It is a mere platitude to say that increased production is necessary; what is also necessary is elimination in the big vital industries of the enormous waste that private enterprize entails. Efficiency in private enterprize naturally looks only to its own undertaking, and no one can blame it for doing so. We are told that something like 90 per cent. of the coal consumed in the ordinary household grate is absolutely wasted. This represents a loss to the Nation of many millions annually. The coal-owner would say—and rightly—"Is it my business to see that economical grates are used?" Most decidedly not; from his point of view the more wasteful the household grate, the better business for him. When coal-mines are nationally owned the matter is quite different; the National Coal Board has no interest in increasing its sale of coal for domestic consumption, but can initiate propaganda—yes, and, if necessary, suggest legislation—tending to the more economical use of its product. It might even pay to instal at the cost of the Nation proper grates in existing houses, just as it pays a water authority to supply proper washers to taps. When the Nation looks after its own food supply and transport we shall not have thousands of tons of fish wasted, as was reported again

recently because it does not pay to transport the record catches from the sea to the crowded inland centres.

HUMAN HAPPINESS.

It is not only a matter of money. When the Nation runs great services like that of coal-mining, railway transport, etc., it will not be long before it begins to measure success in terms of human health and happiness, just as the Ministry of Health does, so far as it is permitted to. For instance, we know that in the getting of coal about 1,400 men are killed and about 160,000 men are injured every year.* If by the method adopted above, our coal consumption were reduced by only 25 per cent., not only would the Nation's coal resources be economized to this extent, but the number of deaths and accidents would be reduced by 25 per cent., quite apart from the question of any saving that improved machinery and the levelling-up to the highest standard of the equipment of every mine would bring about. If the railways were nationalized and run from the same point of view an enormous amount of unnecessary shunting and other dangerous work would be eliminated. On the railways from 400 to 500 men are killed every year, and abour 30,000 injured. Supposing the reduction in shunting, etc., reduced these fatalities and accidents by one-fifth ? Not only would these lives be saved, but this improvement in working

* The actual death figures, which average four men killed every working day, are as follows for the past eight years :—

1912 ..	1,276	1916 ..	1,313
1913 ..	1,753	1917 ..	1,370
1914 ..	1,219	1918 ..	1,401
1915 ..	1,297	1919 ..	1,112

A little over one-fourth of the fatal accidents in 1919 were in South Wales, the exact number being 285

would result in decreased consumption of coal, which, in turn, would reduce the number of lives lost and accidents caused in its getting. Thus we see that behind all these dry arguments lies the happiness of thousands of human beings. What is said here of two industries only, applies to all. Year by year thousands of homes are ruined and thousands of lives are spoiled or stunted unnecessarily, because much of this unhappiness would be avoided if we decided to run our great services with the aim of getting our dividends in human happiness for the greatest possible number rather than in increased spending power for the few.

THE TREND TOWARDS COMMUNITY OWNERSHIP.

That members of the governing class are beginning to realize the necessity of removing more and more services from the domain of commercial enterprize to that of public services without thought of profit* is shown by the reports of the numerous committees the Government sets up from time to time to tackle problems as they become urgent. These committees almost invariably consist, as to a majority of their members, of business magnates, which makes their findings the more noteworthy. The fact is, that when men of affairs find themselves in the position of having to envisage a problem from the national standpoint, and not that of a sectional interest, they recognize the soundness of the principles underlying nationalization; unfortunately, they recognize it only in isolated instances, and generally, in connexion with other people's industries, whereas the Socialist sees the picture complete. Unfortunately, also,

* While this work is in the Press, Mr. Lloyd George has seen the necessity of municipalizing the milk supply, and has promised legislation rendering it possible.

the Government, when such reports are issued, does not act upon those recommendations which conflict with the business interests of its supporters.* A few recent examples may be given :—

ELECTRICITY.

This is a striking case in point and special attention is drawn to the report of the Committee of Chairmen referred to on page 18.

TRANSPORT.

The report of the Rural Transport (Scotland) Committee was issued in July, 1919. The committee, of which Sir T. Carlaw Martin was chairman, was appointed to consider and report upon (1) The rural areas in Scotland which were most in need of transport facilities for the promotion of agriculture, forestry and other rural industries ; (2) The means of improving communication in such areas, with special reference to new or improved roads, light and narrow gauge railways and motor transport, including modification of existing steamer services.

The committee in their report take the broad view that there is a national duty to provide every community with reasonably convenient means of communication,

* During the War a great number of Committees of Inquiry were appointed under the Ministry of Reconstruction to consider various projects of reform and reconstruction, and many important and valuable reports were prepared and issued. Unfortunately, with few exceptions, action has not followed upon their recommendations in most cases, and the matters dealt with remain in the same unsatisfactory state as before the inquiries were instituted Nowhere is this failure more evident than in the domain of local government.—*Municipal Journal*, 19th December , 1919.

and in considering what assistance is possible, *it would be too narrow a view to look merely for a direct pecuniary return on the capital expended. They press the view that the indirect return is important—that of increased production and better diffusion of wealth.* There is in Scotland a well-defined field for the improvement of rural transport.

On the question of land transport statistics are given of Denmark, Norway, Sweden and Scotland, showing area in square miles, population, miles of railway per 10,000 of population. Not only does Scotland stand all but last on the list, but the distribution of railways—the report states—is very unequal relatively to the area and also to the population, though to a much less degree.

Among measures of relief light railways are mentioned, and motor transport is also recommended. "Not only is a motor service for goods characterized by great flexibility, but also when the roads are good—as is usually the case of the Lowlands, and in many of the dales, and in some of the straths—it is the natural pioneer of the railway. From this point of view motor transport in these regions might be described as a rudimentary form of branch line. It develops traffic, and when a time arrives at which the increased volume of that traffic has become greater than can be handled economically by this method the railway extension follows naturally and necessarily. If motor traction be regarded as supplementary to the railway system of the country the rates charged for that service should be uniform with railway rates."

The improvement of the roads to bear motor traffic is brought under notice by the committee who say that in some cases relief might be found in the construction of concrete wheel tracks on or by the side of existing roads. . . .

" Taking the railways as a whole, we are satisfied that the capital cost will have to be met from public funds, and that in most cases not more than a return sufficient to cover working expenses can be looked for. *The position, however, is put in a different light if we look on the whole system of transport in the country as unified and managed on the same principles as those on which the postal service is conducted.* Then the provision of railways for agricultural districts will take its place—making good a defect in the whole system as it had been handed on to us from an earlier generation.

" We have indicated that the capital cost of most of the services recommended should, in our view, be met from public funds. The question of contribution from local authorities arises in regard to motor services for which country roads have to be improved and maintained at the improved standard, and in regard to railways the construction of which will relieve the roads of heavy motor traffic.

" In the latter case the local contribution should be rather towards meeting any deficit in working expenses than towards meeting capital costs. We do not wish to press the application of this principle in the case of some Highland Counties in which the roads are quite unfit for such heavy motor traffic as at present is borne on them. Generally, our view is that, with regard to any deficit in working, the principle of local contribution to make good part of the deficiency may justly be adopted in the form of assessment up to a certain limited rate."

THE CONSUMER NOT CONSIDERED.

Sir Arthur Duckham (whose report as a member of the Coal Commission, took up a middle position, but appears to have been too advanced for the Government's

supporters), in an interview which appeared in *The Observer* of 14th December, 1919, did not conceal his opposition to nationalization of the coal-mining or any other industry, but expressed the following view :—

> All through the sittings of the Commission I felt that neither the employers nor the employees gave the least thought to the necessity of safeguarding the consumers' interests. It should certainly be the duty of the Government to safeguard these interests.

I have always felt that the Whitley Commission scheme of National Industrial Councils, while it contained possibilities of bringing about a better state of feeling between enlightened employers and the workers, carried with it the grave danger that in some cases it might end in both employers and workers combining to exploit the public ; under the present system of private enterprize they could not be blamed for this as the present system compels practically everyone, from absentee landlord to unskilled labourer, to get the maximum amount he can obtain for the smallest amount of service (or none, if possible) ; and Sir Arthur Duckham is quite right to point out that the interests of the consumers, i.e., the community, require to be safeguarded. He also appears to recognize that it is only the State which can safeguard these interests ; and I wonder how this can be done effectively except by the community running the various services in the interests of all. Perhaps he pictures the Government as arbiter, price controller and the like.

But Government control is as bitterly attacked as nationalization ; and by the same people. If everything is to be left to private industry, the State acting as inspector, testing the milk to see how much water there is in it, checking the weight of the coal when it is delivered, examining the profit and loss accounts

of producers and traders to see that they do not fleece the public, and so on, what would they then be creating but the very horde of Government officials against which there is so much outcry? And would it not be cheaper for the community to organize its own services without thought of profit (thus reducing to a manageable extent the number of undertakings in each industry, and thereby diminishing very largely the amount of checking and inspection that is necessary), and removing the incentive to adulteration, short weight, etc., which, alas, is the shape so frequently assumed by that personal incentive in industry that is so often held up to us as a model?

ADVANTAGES OF PUBLICITY.

The moment the community runs an undertaking, both its working and its accounts are open to the widest possible publicity and scrutiny, and the criticism they encounter is an automatic check upon corruption and inefficiency. Moreover, the public does know then how much (if any) profit has been made out of it. While the tendency in modern industry is for businesses to become larger and larger through absorptions and amalgamations, these result in less rather than more publicity, and the manner in which actual financial results are concealed is the subject of constant complaint in the technical and financial Press. For example, in commenting upon the report for the financial year ended 30th September, 1919, of the Peninsular and Oriental Steam Navigation Co., *The Economist*, on 6th December, 1919, wrote as follows:

> The reports of shipping companies, never particularly informative on the financial side, have become notoriously reticent since the War, a fact which is not likely to remove the general impression that this branch of industry has prospered exceedingly. The report of the Peninsular and Oriental Steam Navigation Company is a good example of

> this regrettable development. Since 1914 the profit and loss account has merely shown the "net result, after providing for depreciation," etc., and adding certain sums to contingent funds, and so on. . . . What can be the justification to-day for one "portmanteau" item of over £21 millions on the assets side we fail to understand.

Cases like the foregoing could be multiplied.

SPECULATION IN RAW MATERIALS.

If it were possible to work out the exact figures, it would be found that a considerable proportion of the cost of living is due to speculation in commodities. This performs no useful function whatever in production and any defence of it upon the score that "it steadies the price of the commodity" may be dismissed, for in a properly organized community such speculation would be absolutely unnecessary, and done by private enterprize, it merely increases the cost of living. Note, for instance, the following extract from *The Economist*, of 6th December, 1919:—

> It is pertinent here to emphasize the fact that had there been no speculative gambling during the war years in the oils and nuts obtainable from West Africa, there would have been available an abundant supply of the materials that our cattle need in the winter. Their condition would have been much improved, and milk and meat would have been more abundant.

Of course, as things are, it is quite legitimate for a manufacturer to provide ahead for his requirements in a raw material and, unfortunately, as things are, this compels him to become a speculator. This ruins some and enriches others, and has a bad social effect, for the man who may be a really excellent manufacturer may be a bad or unlucky judge as to the course of prices in the commodity he is buying (such prices being themselves largely affected by the amount of speculation in

them) and he may be crushed out of existence, whilst a less efficient manufacturer who happens to have speculated successfully in the raw material may make a great deal of money ; and remain a manufacturer.

In several cases manufacturers find it more profitable to speculate in this manner than to make finished goods ; and a number of people live wholly by speculation of this sort and thus add to the burdens placed upon the rest of the community.

Clearly it gets one further and further away from the ideal of service which should certainly be the fundamental basis of every industry.

But how are we to provide for the manufacturer who must supply his requirements in raw materials for some time ahead, without compelling him to speculate by buying them for future delivery at the cost price of the day ? In commodities in which there are considerable fluctuations in price due to natural causes—cotton, for instance—the State could accumulate stocks, and in times of scarcity, or when foreign speculators were trying to corner or " rig " the market, steady the price by releasing some of the stocks. Given the will to do it, there is no reason why the State should not regulate prices in such commodities for some time ahead, and thus enable the manufacturer to cut out from his business the disturbing factor of speculation. Incidentally, this would set free a goodly amount of his capital or credit facilities that would otherwise be required for the purpose of financing his purchase of raw materials several months ahead of his requirements.

In the case of State stores, as suggested, profits made one year could be utilized to sell below the world price another year if this was excessive, to the advantage of industry throughout the country and the whole body of consumers.

The Brazilian Government some years ago had the same sort of problem to deal with, but in the contrary direction. Owing to over-production there was a glut of coffee, and the price fell so much as to threaten ruin to the planters, but the Brazilian Government by a huge financial scheme—full details of which are given in the author's " The State in Business or The Collectivist State in the Making "*—regulated the price and carried out the most gigantic scheme of this description in history since the days of Joseph.

To return to our own country, however, the War left the Government in possession of enormous quantities of stores of many descriptions and, as might be expected from a governing class brought up to think only in terms of private profit, it has sold the stores without any thought of the welfare of the community, just as a private speculator would have done, as is shown from the following extract from the *Yorkshire Post*, of 21st November, 1919 :—

> The wave of speculation which is affecting prices in so many commodities has been swaying for some time the metal markets of this country. At the moment it is particularly noticeable in the lead market, where, during the past month or two, prices have shot up from about £25 to nearly £35, and a corresponding advance has taken place, of course, in articles manufactured from lead, such as lead pipes. As lead articles form an important item in housing schemes, this speculation has a direct effect in increasing the costs of building. The policy which the Ministry of Munitions has adopted in disposing of its war stores is blamed in some City quarters as being partly responsible for the speculation in lead and other metals. Huge stores of lead were left on the hands of the Government when hostilities ceased, and apparently the Department made up their minds to sell at the highest price possible without regard to other considerations. To merchants were sold heavy quantities which the consuming trades have never been in a position to absorb, and, as a

* See advertisement facing title page.

> result, there was developed a systen of speculation which has grown to present proportions. The Ministry, it is pointed out, might have checked the inflation of prices by keeping the public accurately informed of the sold and unsold stocks they held in all parts of the world, or, alternatively, they might have refused to sell except for legitimate industrial consumption. On the other hand, by acting as they did, they are securing better prices for the metal—and the producers are doing the same.

The result of this action is that instead of keeping down the price of important building materials as it might have done, our present governing class has put up the price against itself, and the whole community. It is only fair to add that it has done this probably more from ignorance of economics or from tradition than with intent ; it does this sort of thing instinctively.

TRUSTS AND PRICES.

Our great business undertakings are becoming larger and larger, and while this makes for increased efficiency—for the giant combine or trust does, in the way of organization, what machinery does for production, it brings with it the grave danger that all, or most, of the savings due to this increased efficiency go to the proprietors, whilst the very fact of their magnitude renders unlikely the rising up of any effective competition. Let us be quite clear on this point. The advantages of centralization are equally great so far as the cost of production is concerned, whether they be brought about by the State or by private enterprize, and where you have in an industry one great combine with a few small outside competitors, it is a mistake to think that the big combine is charging higher prices than the outsiders. Its production costs are so much lower than those of its small competitors that it can, and frequently does, sell quite as cheaply as they do, if not more so. In

fact, it pays the modern combine or trust to keep a few small competitors in the field for the very purpose of being able to make this point. The difference between the trust or combine and the community-owned concern in a trade is, that in the former case nearly all the profit arising from cheaper production goes to the proprietors; in other words, if the centralized production were in the hands of the community, the article in question could be supplied much more cheaply to the consumers.

If the coal-mining industry were centralized into one or a number of private trusts, working for profit, the cost to the consumer would still be much greater than if it were produced under national ownership and operation, as the miners desire. Moreover, if nationalized, any profits that were earned, instead of going to the shareholders in the trust, would go in relief of taxation.

How big some of our industrial concerns are becoming is shown by the following extract from the *Financial Times* of 29th November, 1919. I have printed in italics one sentence of particular interest:—

> Of late years, however, our leading industrial undertakings have become so huge and their interests are so widespread that their more important developments can only with difficulty be engineered by ordinary commercial methods. In effect, they have become like statutory enterprizes, which can only expand by an appeal to the power that created them. Lever Brothers has now arrived at this stage, and we witness the novel spectacle of its having to apply to Parliament for authority to carry out its latest extensive programme just as if it were a municipality, a railway company or a dock and harbour Board. A dozen years ago no one would have contemplated a mere registered company taking any such step, but then Lever Brothers had a capital of only £6,000,000, whereas now it has £100,000,000. What the company is now seeking powers for is to build wharves and railways along the Mersey, to compulsorily acquire

lands, to extinguish rights of way, to make by-laws and enforce penalties for the regulation of its wharves and railways, and to do any of the many other things which we allow to be done by public bodies, but very seldom by private concerns. Yet when your private concern assumes the dimensions of Lever Brothers it is difficult to tell it from a public body, *except that it is not popularly controlled and that it is primarily occupied with making profits for its shareholders.* What price, nevertheless, will Parliament want to exact for granting the special privileges asked for to the Lever combine ?

SIMPLICITY OF THE IDEAL OF SERVICE.

If once the ideal of production for service were adopted, instead of production for profit, many of our problems would immediately be simplified. Under the present régime, if the interests of a small number of persons in one industry are threatened by some measure which would benefit all the rest of the community it is not done ; yet it would be cheaper for the community to compensate (handsomely, if needs be) the few who stand in the way, rather than to hold up the needs of the community as is continually being done. Suppose our governing class had really desired at all costs to grapple with both the housing and the unemployment problems ! On the conclusion of war the Nation was brought up against these two problems, the housing shortage being absolutely dangerous to the health of the community, whilst, at the same time, hundreds of thousands of people who had been at work on munitions, etc., found themselves menaced with unemployment. Against this, the State had (1) hundreds of national factories with modern machinery and equipment ; (2) hundreds of thousands of workpeople on the spot ; and (3) vast accumulations of timber, metal and other materials. Given the will, it would have been easy to put the hundreds of thousands of workers on to making

window frames, doors, building sections and other things required for housing construction, locomotives and railway wagons, the shortage of which was, and has been, holding back industry—and so on. The need of the community for houses was so great that it shrieked to the heavens. It was the same with railway rolling stock. The State had factories, workpeople and materials which would go a long way to meet these demands. The workers in the national factories held meetings and sent deputations to ministers to urge them to suspend the discharges of thousands of workers and to permit them to make things required. *But this would have been interfering with private enterprize!* So it was not done, and hundreds of thousands of people were put out of work, millions have been spent on unemployment pay to keep men and women doing nothing when they could have been making things that were so urgently required that trade and prosperity were being held back for lack of them. The factories were sold to private people and syndicates, and the stores disposed of as described a few pages back. All this operates in the direction not merely of preventing the cost of living from falling, but in the direction of making it go still higher; for, obviously, if you have to borrow millions at high interest for unemployment pay, you will have to tax heavily to meet such interest, which, in turn, becomes a burden upon industry in the future; and if you deliberately retard the production of things that are urgently needed, until your friends in private industry are ready to manufacture them, you increase the scarcity and thereby the cost.

A full year later, Mr. Lloyd George goes down to Woolwich and arranges for a few locomotives to be constructed there, and at the same time Sir Eric Geddes sharply draws attention to the cheaper cost of construction at Woolwich (see page 224).

Even under the imperfect administration of our present governing class we see how Nationalization conduces to the workers taking a greater interest in their work and thinking of the benefit of the whole community. More than 10 years ago the United Kingdom Postal Clerks' Association at Leeds approached the writer for information as to the greater facilities given to the public by many foreign post offices, and the Association published at its own cost, a pamphlet entitled :—

THE POST OFFICE.

The Case for Improvement, Development and Extension, as advocated by the United Kingdom Postal Clerks' Association.

. . . . . .

Issued for the information of Business Men, Chambers of Commerce, City Councils, Friendly Societies, Trade Unions, the Trading Community, and the Press.

In this was explained the wonderful Postal Cheque and Transfer Service that has spread to almost every country except the one or two like our own, where vested interests find it easy to impede services of national utility if they threaten *their* profits.

But the mere fact that the Post Office workers were able to advocate extensions in the public interest—and they are still doing so—shows what is possible with nationalized undertakings. Imagine the men who deliver the milk or bread under private enterprize daring to do such a thing ; it is only when you come to so powerful a workers' organization as the Miners' Federation that this becomes possible, for they, too, have the interests of the Nation in view when they advocate Nationalization.

The mass of the population are coming to realize how their happiness and prosperity are sacrificed to the play of private interests and how nationalization, which places the happiness, health, and welfare of the whole community before everything else, even if it has to be done without profit, must come. And that is why Labour is growing in force in every country—with temporary setbacks as the vested interests, quickly dropping all previous party distinctions, combine against it for one final struggle—and why it will soon be in power in this country. The Labour movement will not rest until it has substituted for the incentive of the greatest possible monetary gain to those who control, that spirit of human brotherhood which can only express itself under a system of production for service and not for gain.

CHAPTER V.

THE SUCCESS OF COMMUNITY-OWNED UNDERTAKINGS.

As is mentioned at the end of this chapter, this subject has been dealt with by me very fully elsewhere, and in the present chapter I give merely a few recent instances of special interest to readers in the United Kingdom.

WHAT NATIONAL FACTORIES SAVED THE COUNTRY DURING THE WAR.

We have it on the authority of Mr. Lloyd George that "*through the costing system and the checking of the National factories we set up before the end of the War*, there was a saving of £440,000,000." On a Labour Member at this point ejaculating "Nationalization," the Prime Minister handsomely said, "That is a point my hon. friend is quite entitled to make, and I will give him another point. When the national projectile factories were afterwards set up, we effected a further reduction of 10 per cent. Take the Ministry of Shipping. By its organization, by its reduction of rates, the Controller of Shipping saved hundreds of millions to this country."*

And as the Ministry of Shipping is here mentioned it might be added that, in the Fifth Report of the Select Committee of the House of Commons on National Expenditure, 22nd December, 1919, the following tribute was paid: "After careful and lengthy inquiry,

* For fuller report of this speech, see page 144.

your Committee is of opinion that the work of the Ministry of Shipping has been performed with remarkable efficiency."

SHIPPING.

At the Peninsular and Oriental Steam Navigation Company meeting on 11th December, 1919, Lord Inchcape said that if British shipowners are to be up against the competition of the American Shipping Board, which means the American Government, they may be forced into retiring from business. He added that another competitor to private enterprize had come on the scene in the shape of the Commonwealth Government of Australia, which, "having bought a few old ships at the outbreak of hostilities, ostensibly to bring food to this country" had made large profits out of running those ships, and "is now bitten with the idea of becoming a shipowner, and has come out to compete with private enterprize. If British shipowners have against them the resources of Australia, it may end in them selling their ships to the Australian Government." Lord Inchcape naively expressed the hope that Mr. Hughes would be satisfied with the profit he had already made for Australia out of the ships he bought, and that he would dispose of them and cancel or hand over to private owners the contracts his Government had entered into for five new ships!

In 1919 the Australian Government started its own line of steamers. That Government gave it to be understood that it established the line as a means to a special end, viz.: the protection of the Australian shippers and public from the possible adverse results of the recent amalgamations of private shipping interests,

and not with any idea of driving the shipping companies out of the field. From all one hears, the Commonwealth Government Line of Steamers has a very live management, and the following circulars issued by it are worth placing on record as one of them indicates the Government's shipping policy, and the other, with its list of agents, shows that Government enterprize may in some cases mean more work for private agents :—

COMMONWEALTH GOVERNMENT LINE OF STEAMERS.

AUSTRALIA HOUSE,
STRAND, LONDON, W.C. 2.
18th August, 1919.

DEAR SIR(S),

In drawing your special attention to the freight services recently started by the Commonwealth Government Line from the United Kingdom, and the Continent to Australia, I wish to put before you the special advantages to merchants and shippers sending their goods by steamers of this Line.

The Commonwealth Government Line is owned by the Commonwealth of Australia, and run in the interests of the people of Australia and of the Empire. It has at its disposal a large fleet, and is prepared to put steamers on the berth, as required by the volume of cargo offered, up to the limit of the present fleet.

It has recently placed contracts, both in this country and in Australia, for a number of large, up-to-date, fast vessels, equal, if not superior, to any others in the trade.

It is not the wish of the Commonwealth Government Line to originate a rate war. The freights charged are those current in the Australian trade at the time of shipment. Equal rates are quoted to all shippers, large or small, private firms or Government Departments, and in the event of a reduction taking place while a steamer is loading all shippers will benefit by it alike.

A cash discount of 5 per cent. off the net freight is given to shippers on payment of accounts. *No primage is charged and no deferred rebate granted.*

The conditions of the Bill of Lading are at least as favourable to shippers as those of any other Line. We do not claim exemption from liability on account of negligence, and in our new Bill of Lading, now in the printer's hands, I have altered the clause relating to valuable goods, by raising the value limitations to £200 per package and £10 per cubic foot.

The Bill is also governed by a Clause Paramount, applying the conditions imposed by the Australian Sea Carriage of Goods Act, which has proved so advantageous in the past to shippers from Australia.

My instructions to our Agents in Australia and elsewhere are emphatic that promptitude and liberality in settlement of claims must always be the policy of the Line.

In the event of shippers, taking advantage of the services of this Line, and being penalized therefor by the confiscation of accrued rebates by any Line through which they have shipped previously, the Commonwealth Government Line is prepared to guarantee them against such loss, if they will sign the annexed undertaking to give the Line the first offer of their future business.

You will observe from the suggested agreement that its terms are not too exacting. I trust the inducements offered will enable you to support the Line, and that you will return the agreement duly signed.

As vessels are put on the berth for future loading, cards will be sent you by my Brokers at the various ports, but in the meantime I shall be very pleased to give you further information regarding any points upon which you may desire it.

Yours faithfully,
H. B. G. LARKIN,
General Manager.

SUGGESTED MEMORANDUM OF AGREEMENT FOR SHIPPERS' SIGNATURE.

_____ 19 .

THE GENERAL MANAGER (OR AGENTS),
COMMONWEALTH GOVERNMENT LINE OF STEAMERS.

DEAR SIR(S),

In consideration of the Commonwealth Government Line of Steamers guaranteeing me/us against loss of freight rebates

accrued or to accrue in future if confiscated by the Steamship Lines associated with the Australian Conference, by reason of my/our action in making shipments by steamers of the Commonwealth Government Line from United Kingdom to Australian ports, I/we hereby undertake to give the said Commonwealth Government Line of Steamers the first refusal of carriage of all my/our future shipments for Australia at current market rates at time of shipment, and to confine all such shipments to steamers loaded by the Commonwealth Government Line, or by its Agents on its behalf, provided always that on any occasion upon which the Commonwealth Government Line cannot provide tonnage in a reasonably suitable position for my/our purposes, I am/we are to be fully entitled to ship by a vessel of any other Line.

It is clearly understood, however, that my/our shipments shall not be unnecessarily diverted to other vessels, and on the other hand that the Commonwealth Government Line or its Agents shall not arbitrarily withhold assent to any such necessary diversion.

Yours faithfully,

. . . . . .

If you are prepared to accept the above conditions, kindly sign and return annexed copy, either to the General Manager of the Line, Australia House, Strand, W.C. 2, or to the Agents through whom you receive this Circular.

COMMONWEALTH GOVERNMENT LINE OF STEAMERS.

AUSTRALIA HOUSE,
STRAND, LONDON, W.C. 2.
22nd October, 1919.

DEAR SIR(S),

REGULAR CARGO SERVICE TO AUSTRALIA.

Referring to my circular of 18th August last, I now have pleasure in advising that, commencing in December, a regular fortnightly service of cargo steamers between the United Kingdom and Australian ports will be conducted

by this Line; the vessels loading alternately at East Coast Ports (Middlesbrough, Hull and London) and West Coast Ports (Glasgow, Liverpool, Newport and/or Avonmouth).

Discharge ports for the first vessel loading on the East Coast will be Fremantle, Adelaide, Melbourne, Sydney and Brisbane; and for the first vessel lading on the West Coast they will be Adelaide, Melbourne, Hobart and Sydney. Thereafter, the destinations of the East and West Coast services will be transposed alternately, thus providing opportunities at frequent and regular intervals for direct shipment to all main Australian ports from both coasts of the United Kingdom.

If and when inducement offers and time permits, some of the vessels sailing from the East Coast will probably also load at Antwerp and/or Rotterdam, before commencing loading in the United Kingdom.

The first four sailings will be taken by the Steamers "Boonah," "Toromeo," "Booral," and "Calulu," and as the tonnage is worked into position, the best and most suitable of the vessels at our disposal will be employed in these regular services.

I realize that, in the case of Hobart, Fremantle and Brisbane, this programme involves arrivals at these ports at fortnightly and six-weekly intervals alternately, but this cannot be avoided without fixing the same discharge ports from the same loading ports continuously. In order to overcome this difficulty, I am prepared to arrange for other vessels of the Line to call at Hobart or Fremantle when inducement offers.

Full particulars of sailing dates, etc., will be advertised in the daily Press in the course of the next few days, and further information as to rates of freight, loading berths, sailing dates, etc., will be promptly furnished, on request, by the various agents of the Line, a list of whom is given overleaf.

Sailing cards will also be issued from time to time in the ordinary course.

Yours faithfully,

H. B. G. LARKIN,

General Manager.

Avonmouth ..	.. Mark Whitwill & Son.
Birmingham ..	.. Leopold Walford Transports, Ltd., Central House, New Street.
Bradford ..	.. Leopold Walford Transports, Ltd., 5, Charles Street.
Bristol ..	.. Mark Whitwill & Son, Grove Avenue.
Cardiff ..	.. Walford Trading Co., Ltd., 72, Bute Street.
Glasgow ..	.. Leopold Walford Transports, Ltd., 78, St. Vincent Street.
Hull ..	.. Charles Graham & Co., 104, Alfred Gelder Street.
Liverpool ..	.. Leopold Walford Transports, Ltd., Colonial House, Water Street.
London ..	.. Turner, Davidson & Co., Ltd., 41, St. Mary Axe, E.C. 3.
Manchester ..	.. Leopold Walford Transports, Ltd., Lloyds Bank Buildings, King Street.
Middlesbrough	.. John M. Lennard & Sons, Ltd., Erimus Chambers.
Newcastle-on-Tyne	.. Walford Trading Co., Ltd., Quay Side.
Newport (Mon.)	.. Jones, Heard & Co., Ltd., 107, Dock Street.
Sheffield ..	.. Leopold Walford Transports, Ltd., 121, Norfolk Street.

Rotterdam (*Holland*) ..	FURNESS SHIPPING AND AGENCY COMPANY, 11, Calandstraat.
Antwerp (*Belgium*) ..	FRED. HALL, JOHNSTONE & CO., 1, Rue de l'Amman.
Belfast	LEOPOLD WALFORD TRANSPORTS, LTD.
Dundee	B. L. NAIRN & CO.

I have before me the reports of other Australian, New Zealand and Canadian nationalized undertakings.

BANKING.

The first is that of the Commonwealth Bank of Australia, the history of which deserves something more than a brief comment.

Ask any ordinary person of common sense if it is possible nowadays to start a big business without any capital and he will contemptuously answer, " Of course not " ; and if he is a man of business experience he will probably add a little homily upon the indispensability of Capital to Labour, and how necessary it is that both should remain on good terms. If you ask him whether it was barely possible that a successful banking business could be started without a penny piece of capital he would regard you as a fool, and would snort out a contemptuous negative ; and he would be wrong, as people of common sense in the restricted domain of modern business usually are.

The most lucrative business in the world, bar none, is banking, which is a pleasing way of describing money-lending. It has been wittily said that a banker is a pawnbroker, with imagination, and if one deleted the words " with imagination," the remark would be less

witty but more true. A banker requires no capital; it is his customers who provide that, and he lends their money to other people. It is really most delightfully simple. "A," having some money over, and not knowing what to do with it, takes it to a banker, who takes charge of it; the banker does not keep it, but forthwith lends it to "B," who pays him for the temporary use of "A's" money. Try and explain banking to a little child and you will find that he cannot understand why you should not pay the good, kind banker for taking care of your money; as a matter of fact, the child is quite right, as children often are in matters of ethics, and if it were not for the glorious institution described above he *would* charge for taking care of your money. "But," you may say, "we would not entrust our money to a banker unless he had capital of his own." Now we approach the crux of the matter. Why do you insist that the banker shall have capital of his own before you leave your money with him? It is as a margin of security, so that in the event of his making losses there may be something to fall back upon before all *your* money is lost. As a matter of fact, the amount of a banker's capital is very small compared with the amount of money he holds on behalf of customers; but such as it is, it gives him credit. Here we have the right word. The ordinary bank requires capital of its own because the knowledge that it has capital gives it credit—causes people to have sufficient confidence in it to entrust their money to its keeping.

In the year 1912, the then Labour Government of Australia, realizing these facts, decided to start a bank, and it did so *without one penny of capital.* Its capital consisted of its credit, i.e., knowledge that it would never fail to repay money entrusted to it because it had behind it the guarantee of the whole people of Australia.

Now what happened? In the six years that have elapsed since its foundation this Government bank has attracted to itself deposits aggregating £65,000,000 sterling, whereas all the other banks of Australia put together (and established many years ago) have deposits aggregating about £176,000,000. Already, therefore, this State bank has attracted to itself over one-fourth of the banking business of the country.

The Commonwealth Bank of Australia has branches and agencies throughout Australasia and in London; it followed the Australian soldiers where they went, and had branches in this country at Warminster, Hurdcott, Weymouth and Tidworth Barracks. It has 2,776 Savings Bank branches and agencies at post offices, and has no less than 489,010 Savings Bank depositors on its books—not bad, out of a population of about 5,000,000!

It may be inferred from the foregoing remarks that the Commonwealth Bank has no capital, but it has made a handsome profit each year, and out of this has accumulated a capital or reserve of £1,534,298, and its earning power has risen steadily year by year until during the *six months* ended 31st December, 1918, this had attained the figure of £458,271. Had it been a company, the Commonwealth Bank of Australia would have distributed the greater portion of its profits in the shape of dividends on the *capital* provided by the shareholders; as, however, it has no shareholders, and started without any capital, it has accumulated profits as aforementioned, and the people of Australia are in possession of an institution which, in addition to giving them full banking facilities on the most democratic basis possible, is now earning profits for them at the rate of nearly £1,000,000 per annum.

The following official advertisement of the Bank illustrates better than anything else the remarkable progress that has been achieved by this nationalized institution :—

Commonwealth Bank of Australia

HEAD OFFICE : SYDNEY.

Guaranteed by the Australian Commonwealth Government.

DENISON MILLER, Governor. **JAMES KELL,** Deputy Governor.

BRANCHES

IN

The Principal Cities and Towns of Australia.

AND IN

LONDON

Agents and Correspondents throughout the World.

Banking and Exchange Business of every description transacted.

BANKERS TO :

THE GOVERNMENT OF THE COMMONWEALTH OF AUSTRALIA.
THE GOVERNMENT OF THE STATE OF SOUTH AUSTRALIA.
THE GOVERNMENT OF THE STATE OF TASMANIA.

SAVINGS BANK DEPARTMENT.

Branches in the Chief Centres, and 2,776 Agencies at Post Offices throughout Australia.

ON 30TH JUNE, 1919 :

889,010 Savings Bank depositors had balances....	£17,789,423
General Bank balances.....	43,672,183
Other Items	3,860,041
Total	£65,321,647

HEAD OFFICE : SYDNEY, NEW SOUTH WALES.

LONDON BRANCH : 36-41, NEW BROAD STREET, E.C., also at AUSTRALIA HOUSE, STRAND, W.C.

O. A. B. CAMPION, London Manager.

The real justification of banking is not so much that it shall take care of people's money, but that it shall place at the disposal of those able and willing to develop natural resources and add to the wealth of the world, the necessary capital. No one requires this more than the man who desires to cultivate land. The following official advertisement shows how the Government of the Province of Saskatchewan, Canada, performs this banking function :—

SAVE

For a Rainy Day or a Dry Year

Thrift is the watchword of the Twentieth Century. With all our vast wealth of natural resources, it is just as important for the farmer or the working man of Saskatchewan to save as it is for citizens of any country, before the permanent welfare of the province can be established on a sound basis.

There is no SAFER and no more PATRIOTIC investment opportunity offered to the citizens of Saskatchewan, in town or country, than

SASKATCHEWAN FARM LOAN DEBENTURES

Over two and a half million dollars have already been loaned to the farmers of the province by the Saskatchewan Farm Loan Board since it started operations in the summer of 1917.

Greater Production Farm Loan Bonds have furnished a considerable amount of the funds required to meet the applications for loans from farmers who would otherwise have found it difficult if not impossible to carry on properly their farming operations.

SPLENDID OPPORTUNITY FOR INVESTORS

Saskatchewan Farm Loan Debentures are issued in denominations of $20, $100, $500 and $1,000, payable in ten years, and bear interest at 5 per cent. payable every six months. The security offered to the investor is of the strongest possible character, being an obligation of the whole Province of Saskatchewan, and in addition further security is involved in the fact that the Provincial Treasurer at all times holds first mortgages on farm lands equal in amount to the advances to the board.

Every dollar invested in these Saskatchewan Farm Loan Debentures will add to the wealth of the province, will assist in the development of the province and the prosperity of our great agricultural industry, and will be a profitable as well as an absolutely safe investment.

To secure debentures apply direct to the Provincial Treasurer, Loan Office, Legislative Building, or go to any branch of the Union Bank of Canada, the Royal Bank, or the Canadian Bank of Commerce, or to the Secretary Treasurer of your town, village or rural municipality.

CHARLES A. DUNNING,

Provincial Treasurer, Legislative Building, Regina

The manner in which these agricultural loans work was fully described in the August, 1919, issue of the *Public Service Monthly*, a magazine published also by the Saskatchewan Government, and the following is a copy of that article :—

SASKATCHEWAN FARM LOANS SYSTEM VERY SUCCESSFUL.

Over 1,500 Farmers have been Loaned Money by Board.

Total of over $2,500,000 has been loaned to farmers of province by Saskatchewan Farm Loans Board and Demand for Saskatchewan Farm Loan Bonds steadily increasing.

Farmers of Saskatchewan located in all parts of the province have been loaned $2,500,000 by the Saskatchewan Farm Loans Board since it started operations in the summer of 1917. The amount loaned represents loans made to over 1,500 farmers, a large proportion of these in the newly settled districts in the province some distance from railways, where the majority of mortgage companies are reluctant to make loans.

Greater Production Farm Loan Bonds have furnished a considerable amount of the funds required to meet the applications for loans, but owing to financial restrictions and particularly owing to the fact that the Greater Production Loan Campaign which had just been launched in 1917 was almost immediately withdrawn so as not to interfere with the Victory Loan campaign that fall, it has been quite impossible to meet all demands. In fact the first six months the board was in operation over 3,000 applications were received which would have taken over $6,000,000 to satisfy.

Increasing Demand for Bonds.

Although there has never been an active sale for Saskatchewan Farm Loan Bonds, the demand for these has been steady and continually increasing. Up to the first of this year the total bonds issued have amounted to $1,559,480, slightly over $400,000 of which are treasury investments.

In the budget speech delivered by Hon. C. A. Dunning, provincial treasurer, last January, he explained the object of the Saskatchewan Farm Loan Bonds as follows:—

"We desired to borrow from the people of Saskatchewan who had money to loan and lend it to the farmers of the province who desired to borrow on first mortgage. We felt that by means of this scheme we could help the man who had money to lend by paying him a higher rate of interest than he could get otherwise and could help the man who wanted to borrow by lending it to him on longer and better terms and at a lower rate of interest than any one else. The Farm Loans Board lends its money at 6½ per cent. and pays to the holders of its bonds 5 per cent., the 1½ per cent. difference being allowed to cover the cost of operations.

"The Farm Loans Board operated for six months during the year 1917 but did not finish its first full year until 31st December, 1918. Up to that date the board had actually loaned $1,758,288.37. The total cost of administration since the formation of the board up to the first of this year, exclusive of refundable disbursements, which are chargeable against the borrower, was approximately $26,000.

Expenses Exceedingly Low.

"Although administration expenses have been exceedingly low, the policy of the board has not been one which made for the utmost economy, as instead of making a few large loans in the old settled districts, which would be a good deal cheaper from the administrative point of view, the board has been mixing up its loans, taking some of the easy ones close to towns and railroads with harder loans to place many miles from the nearest railway, where settlers were trying to get on their feet and could secure loans only through the Farm Loans Board."

In the same budget speech Mr. Dunning explained that the principal object of the Government was to reduce the costs of the money to the farmer, not to do all the business. "We did not expect to do all the business," said Mr. Dunning, "but we did and do hope to exert an influence on the cost of mortgage money to the farmer and we also hope to affect the terms and conditions upon which he secures mortgage loans. There is ample evidence that we are affecting these conditions. Through our Farm Loans Board we have affected the attitude of the mortgage companies generally

towards farm loans. While the cost of nearly everything in this province has gone up from one hundred to two hundred per cent. since the War started, the cost of farm loans has inclined downward rather than upward."

Farmers Pay Promptly.

At the time that legislation was brought down creating the board, the fear was expressed that the farmers who were borrowing from the board would not pay their debts promptly, that the borrower would work on the principle that because the money was borrowed from the Government, although obtained through the board, he did not need to repay promptly. Mr. Dunning who has been prominently identified with the farmers' organizations in the province, was at great pains to impress on these organizations that the success of the scheme and its continuance depended on the business-like dealings on the part of the borrower with the board.

Expectations more than Realized.

The expectations of the provincial treasurer have been more than realized. At the end of the first six months, operation only a comparatively small number of loans had payments coming due. Every one of them made payments in full. On 31st December, 1918, with a very large number of payments having come due two months before, four-fifths of the amounts due on 1st November had been paid, in spite of the very bad year from an agricultural standpoint, in portions of the province. On 31st December, 1918, the amount of overdue principal was only $3,593.

The money is loaned for thirty years on the amortization plan. In Saskatchewan the loan is a straight loan direct from the Government through the medium of the Farm Loans Board, and the full amount of the loan, less the expense of getting the loan through, goes to the borrower direct, without passing through any association or company. On a loan of $1,000 the annual payment of principal and interest is $76.58.

The Saskatchewan Farm Loan debentures are in denominations of $20, $100, $500 and $1,000, payable in ten years, and bear interest at 5 per cent., payable every six months.

The members of the Saskatchewan Farm Loans Board are J. O. Hettle, of Saskatoon; J. H. Grayson, of Moose Jaw; and Colin Fraser, of Regina, Commissioners.

INSURANCE.

In 1916 the Queensland Government opened a State Government Insurance Office. This does every sort of insurance—fire, life, accident, marine, workers' compensation, etc. Like the Commonwealth Bank it required no share capital, but the Queensland Parliament voted a grant of £100,000 towards the Insurance Department, should it require it. Instead of having to draw upon that fund—but let the Insurance Commissioner, Mr. John Goodwyn, tell the story in his own words; the following extracts are taken from his third Annual Report, covering the 12 months ended 30th June, 1919:—

> It has not been necessary so far to call upon the Treasury for any financial assistance or for any portion of the appropriation of £100,000 provided under Section 8 of "*The Insurance Act of* 1916."
>
> During the year, on the contrary, I found myself in a position to take from the Treasury a further £50,000 in Government debentures and also to invest £10,000 in the seventh war loan. The Office has now invested over £185,000 in Commonwealth and State Government securities.
>
> . . . . . .
>
> The staff at head office and eight branches now consists of 390 salaried officers, with 555 local agents throughout Queensland.
>
> . . . . . .

7.—COMPASSIONATE GRANT.

(I).—General.

> Allowances of not exceeding 10s. per week are paid out of this account on the authorization of the Minister to workers disabled by miners' phthisis who do not come within the scope of Section 14B of the Workers' Compensation Act as amended in the last session of Parliament, and to the widows of those who in their lifetime were in receipt of this grant. Special "ex gratia" payments are also made to others whose claims merit consideration, but are not, strictly speaking, within the Act.

This enterprizing Insurance Department issues its own monthly journal, the heading of which is interesting enough to deserve reproduction, viz. :—

STATE
GOVERNMENT INSURANCE OFFICE
OF QUEENSLAND

BY THE PEOPLE
OF THE PEOPLE FOR THE PEOPLE

Official Journal

In this monthly publication, besides articles of general topical interest in regard to insurance and kindred subjects, the State Government Insurance Office publishes every month a number of letters received from insurers, showing their appreciation of the prompt settlements of claims granted by the Office, as, for instance, the following :—

STATE GOVERNMENT INSURANCE OFFICE,
DEAR SIR, Toowoomba, 5th August, 1919.

Re Fire Loss, Policies Nos. 6236 and 6655, Appel Bros., Warwick, the following is an extract of a letter received from the above-named policy-holder, relative to the recent fire :—

" We thank your Office very much for the prompt and satisfactory way in which the whole business has been transacted, and we intend to give you a good share of our Insurances."

Yours faithfully,
ERNEST J. MELVILLE,
Superintendent at Toowoomba.

The Insurance Commissioner,
Box 167, G.P.O., Brisbane, Queensland.

Bundaberg, 20th August, 1919.

Local Manager,
State Government Insurance Office,
Bundaberg.

DEAR SIR,—We have to acknowledge receipt of cheque, £1,594. 13s. 9d., being settlement of our claim on policy No. A 1324.

We take this opportunity of expressing our appreciation of your kindly assistance and promptness in settlement, and ask you to accept our thanks.

Yours faithfully,
F. C. BROWN Co.,
per F. C. Brown.

Maryborough,
15th August, 1919.

Re Thomas Kramer, deceased.

DEAR SIR,—I am in receipt of your favour of the 13th inst., enclosing two cheques for £464. 16s. and £50 respectively, for which I thank you.

These have been handed to the respective claimants, and they have requested me to convey to you their sincere thanks for the prompt and generous manner in which this claim has been paid.

Yours obediently,
JAS. W. SCANLAN,
Superintendent.

The Commissioner,
State Government Insurance Office,
Brisbane.

Nambour,
14th August, 1919.

To the Insurance Commissioner.

DEAR SIR,—I desire to express to you my sincere thanks for your promptness and generous manner in which you dealt with the matter of paying compensation to me, in connexion with the death of my late husband, J. J. Scheuer.

Yours faithfully,
A. L. SCHEUER.

Ironpot Creek,
23rd August, 1919.

DEAR MR. PEARSE,

Please accept my best thanks for the two cheques received from you (£20 and £25), a total of £45 received on account of my Personal Accident Policy with your office, the State Government Insurance Office. Please convey to your Commissioner my appreciation of the very prompt manner the above amounts have come to hand, and, moreover, without any trouble whatever.

There is no doubt as time goes on the State Government Insurance Office will be more appreciated, not only for the above reasons, but for the reductions in rates—Accident, Fire, and Life Premiums.

Again thanking you,
Yours truly,
G. OGILVIE.

R. A. Pearse, Esq., Local Agent, State Government Insurance Office, Kingaroy.

Memerambi, 18th August, 1919.

DEAR MR. PEARSE,

Thanks very much for the cheque of £8, my claim on my Personal Accident Policy with the State Government Insurance Office. The way the claim was paid and looked after by yourself speaks volumes for the good and prompt working of the office.

No doubt these prompt settlements, without any arguments, will be of great benefit in securing a very large volume of business.

Again expressing appreciation,
Yours truly,
J. DALTON.

R. A. Pearse, Esq., State Insurance Office, Kingaroy.

Wyper Brothers,
Bundaberg, 26th July, 1919.

The Local Secretary,
Queensland Government State
Insurance Department, Bundaberg.

DEAR SIR,—In acknowledging payment in full of our claim of £511. 7s. 2d. for Marine loss occasioned by the loss of

the "Wave," we wish to express our appreciation of the prompt and satisfactory manner in which settlement has been made.

Our claim in proper form was only placed in your hands a few days ago, and receipt of your cheque so soon was a pleasant surprise to us.

We are,
Yours faithfully,
WYPER BROS.,
per Wm. Wyper.

GENERAL STATE TRADE.

The Queensland Government, being absolutely a Labour Government, has taken drastic measures to keep down the cost of living on the lines advocated throughout this book, viz., State trading. The first Annual Report of the Commissioner for the State Trade Department for the year ended 30th June, 1919, states that "the main justification for the establishment of these enterprizes was that the cost to the consumer of the commodities now controlled was excessive, and that the State by entering into the businesses could run them as well as private enterprize, and at the same time maintain prices at a reasonable level."

The report sets forth that, with an object of supplying as many people of this State as possible with meat from cattle and sheep raised on its own holdings, the Government of Queensland, on 30th June, 1919, owned and controlled 15 stations, i.e., stock-breeding depôts; since then four other pastoral properties have been acquired. The approximate area of these 19 stations is 30 square miles, the total purchase price of which, with stock and improvements, etc., amounted to £1,136,961, the stock in hand being now estimated at 181,810. Connected with these pastoral properties are 13 State butchers'

shops in the metropolitan area and 22 in country districts, besides a State meatworks at Charleville. The result is that consumers can obtain their meat at a lower price in Queensland than anywhere else in Australia.

The State sawmills, of which there are four, have been selling timber at an average of about 6 per cent. below the prices charged by private millers. Yet, notwithstanding that the timber trade has not been brisk for some time past, the year closed with a gross profit of £13,706. 8s. 2d., or 21.2 per cent. on the turnover, and a net profit, after providing for interest and depreciation, of £3,156. 6s. 2d., as compared with a loss of £7,116. 16s. for the preceding year.

For the convenience of the travelling public there are 29 railway refreshment rooms and three buffet cars in Queensland under Government control and management, and although the working expenses during the year were increased by £5,107. 2s. 1d., owing principally to increased wages and the increase in the cost of goods, a net profit of £9,336. 11s. 7d. resulted without any advance in charges for refreshments.

The State fish enterprize has now three retail shops, a receiving depot, and trawler. The Government buys from the fishermen their catch, for which they are paid a much fairer price than when a "fish ring" ruled the market. This is the only State enterprize that shows a loss on the year's operations but, says the Commissioner, "it must not be forgotten that this enterprize is only in the preliminary stage, and with the present limited supplies and heavy overhead charges, it could not be expected that the business would show a profit."

The State hotel at Babinda shows a small profit for the past year, the falling off in the bar trade being accounted for by a poor sugar-cane crop in the district,

and the desire of the management to control any excess drinking.

Good progress is reported in connexion with the State Produce Agency, which commenced business on the 8th April, 1918, the turnover for the past 12 months amounting to £124,421. 9s. 5d., with a tendency of the number of farmers' consignments to increase.

A comparative statement of the turnover of these State enterprizes during the past two years gives the following results :—For the year ended 30th June, 1918, £730,099. 13s. 10d. ; for the year ended 30th June, 1919, £1,076,448. 6s. 6d., showing an increase in turnover during the past year of £346,348. 12s. 8d. over the previous year, equal to 47.4 per cent.

After allowing for depreciation and interest on capital, the aggregate net profit for the year 1919 amounted to :—

	£	s.	d.
Butchers' Shops	36,998	0	4
Sawmills	3,156	6	2
Stations	43,975	3	10
Railway Refreshment-rooms	9,336	11	7
Hotel, Babinda	120	1	2
Produce Agency	1,052	10	0
	94,638	13	1
Loss on State Fish Supply	8,536	4	7
Aggregate Net Profit for the year ..	£86,102	8	6

The balance-sheet figures of the various enterprizes for the year 1919 show :—Liabilities, £1,182,229. 17s. 1d. ; assets, £1,445,170. 14s. 2d. ; credit balance £262,940. 17s. 1d.

The indebtedness to the Treasury on the 30th June, 1919, was £1,123,234. 13s. 7d. ; the loan to be repayable in forty years with interest at the rate of 5 per cent. per annum.

The cost of administration has been surprisingly small; on the total turnover of the various enterprizes it worked out at approximately two-thirds of a penny in the £ per annum.

The number of employees engaged in or about the enterprizes at 30th June, 1919, were: Stations, 325; butchers' shops, 263; sawmills, 121; Hotel, Babinda, 26; fish supply, 75; produce agency, 25; railway refreshment-rooms, 192: Total, 1,027.

The total amount of wages paid during the year was £133,477. 2s. 1d.

QUEENSLAND GOVERNMENT CREDIT.

The Labour Government of Queensland has been severely criticized by interests that are opposed to community-owned undertakings altogether, and when the Queensland Government in December, 1919, offered for subscription in London £2,000,000 of 6 per cent. Loan at 98½ per cent., murmurs of criticism found their way in some of the organs of the British Press; that the credit of the Queensland Labour Government has not been affected in the least is shown by the gratifying fact that the British investing public tumbled over one another to take up this Loan, which was very largely over subscribed, applicants receiving only 38 per cent. of what they applied for. Thus, we have the spectacle of financiers and investors in this country, many of whom are opposed to Nationalization, rushing to lend money at 6 per cent. to a State in order that it shall supply its inhabitants through their nationalized undertakings services at a cheap rate.

NEW ZEALAND STATE INSURANCE.

The New Zealand State Fire Insurance Office report for 1918 shows a quite remarkable record of progress

since its establishment 14 years ago. Its loss ratio is far below the average for the Dominion, and the report drily remarks, " the operations of the State Fire Office no doubt also exercised a restraining influence on the rates charged by the private insurance offices." The surplus on the year's working was £31,000, and the total insurances in force amounted to £24,000,000—not bad for a country with a population of little over 1,000,000 !

The following abridged report from the *New Zealand Times*, of 12th August, 1919, shows the still further progress made by the New Zealand State Fire Insurance Office :—

NEW ZEALAND GOVERNMENT INSURANCE.

Successful State Enterprize.

There was a large attendance yesterday morning at the ceremony of laying the foundation-stone for the New State Fire Insurance Offices, to be erected at the corner of Lambton Quay and Waring Taylor Street, Wellington. The Hon. W. D. S. MacDonald performed the ceremony with a silver trowel, suitably inscribed.

Declaring the stone well and truly laid, Mr. MacDonald said that he was delighted to see so many gentlemen interested in the very important ceremony. The design, the form of construction, and finish of the building is such (stated the Minister) that it will do credit to the city of Wellington and the State Fire Insurance Office. The structure is to be seven stories high, with a pavilion tower, its total height being 105 feet. It is certain to prove a good investment for the reserve funds which it is necessary for the office to accumulate for the purpose of safeguarding its ever-increasing liabilities due to rapid expansion of the sum underwritten each year. This sum during the present year will exceed £25,000,000.

Progress in Fourteen Years.

The Department commenced business on 4th January, 1905, on a capital of £2,000, which had all been expanded before the doors were opened. But such has been its success that it has never required further financial assistance. Without any direct financial assistance from the Government, but purely its own business operations, it has repaid its initial loan with interest, and at present commands accumulated funds of over £230,000. For the first seven years the profits amounted to £12,437, and for the second seven years the profits amounted to £160,511. The total accumulated funds at the end of 1919 amounted to £214,000. The gross income of the office for 1918 amounted to just over £138,000, and it is estimated that the figures for 1919 will not be less than £145,000, or about one-tenth of the total income from the whole fire insurance business for the Dominion. Each year for several years past shows a greater surplus than the previous year. The surplus under the office's revenue account for the year ending 1918 was £42,265; from this sum has to be deducted £2,902 from unearned premium and investment fluctuation reserve, and £13,792 for income-tax, leaving a net balance on last year's trading of £28,472. The income-tax payable on the past three years' operations amounted to £41,000.

How Insurance Benefits.

There has been some demand recently for a reduction in fire insurance rates, the Minister remarked. It has been asserted that the profits were larger than necessary. It is true that the sum of £52,000 has been added to reserves during the past two years, but at the same time £4,750,000 has been added to the underwritten liabilities of the Office. The £52,000 added to reserve is not a larger sum to safeguard the increased liability than was necessary, the reserves held previously being insufficient. The income-tax paid during the past two years is equivalent to 12½ per cent. per annum on the rates. The sum paid in income-tax, although not a direct reduction in rates, is indirectly a reduction, for the reason that had the sum not been paid by the State Fire Office it would have been collected in other forms of taxation. Increase in salaries due to the cost of living, together with increased cost of motor-cars and

cycles, and increase in cost of paper and postages, has added over £3,000 per year to the cost of conducting the business, but the rates have remained the same—in some cases they have even been reduced. In other words, the whole extra cost has been borne by the office and not passed on to the consumer, as has been the case in nearly all other forms of commercial businesses. It is only by careful underwriting and most economical working that such good results could be shown. The public must not forget that on the average the rates are 25 per cent. lower than was the case before the State entered into the business.

The rates in New Zealand to-day, taking into consideration the less ratio, are lower than those of any of the Australian States. However, it is not suggested that the rates cannot be further reduced. It is not the intention to run the office for the purpose of making big profits, and further reductions in rates may be looked for in the future, but when an office such as this takes on large liabilities without any subscribed capital, reserves must be built up against those liabilities before further concessions can be granted. Having built up those necessary reserves, the question of what further concessions can be given will receive earnest consideration.

A Great Undertaking.

They would see from the figures he had quoted, added the Minister, that the State fire insurance undertaking in this country had been very successful, and he was sure that the board had been a very great help to the general manager. He did not want to say anything about the competition the Department had to meet, or its future work; but he thought that it would be recognised that it had been a great State undertaking, and there would be more such undertakings in the future. The success of the State Fire Office, he believed, would lead to the State engaging in further undertakings. (Applause.)

The Prime Minister said that he was very glad to be present at the ceremony. It was an important ceremony, and he hoped that the building that would result would be one worthy of the site, worthy of the great State undertaking that was to be housed there, and worthy of the Dominion. (Applause.) He congratulated the Department and the

public upon the splendid work that had been done by the Department that was to be housed there.

FINANCIAL RESULTS.

The Hon. G. W. Russell stated that, as one who had been for a short time Minister in charge of the State Fire Office, he congratulated the Minister and Mr. Robieson on the magnificent financial results of having created reserves of over £300,000 out of profits; but in connexion with the Government Life Insurance Office there was a system under which the Department did not secure the whole of the profits, but handed back a considerable share to insurers. (Applause.) He liked to speak plainly, and suggested that, now the Fire Insurance Department had got that fine building out of the reserves, it should consider handing back to the insurers a substantial part of the profits. That would be a great concession, and would do what the State Fire Office was originally intended to do—lower the cost of fire insurance throughout the country. (Applause.)

LOWER RATES FORESHADOWED.

With regard to refunding any excess profits, said Mr. MacDonald, when they were in a position to do that the Act provided for its being done. When the proper time came he would notify the public properly. (Applause.)

The Minister paid a high tribute to Mr. Robieson, the general manager. There had never, he stated, been a more zealous officer in a public department. Mr. Robieson had worked like a Trojan under great difficulties.

On the call of the Minister, three hearty cheers were given for Mr. Robieson, and the proceedings closed with the National Anthem.

NEW ZEALAND GOVERNMENT LIFE INSURANCE.

The following is an extract from the *Queensland State Government Insurance Office Official Journal* of September, 1919:—

NEW ZEALAND GOVERNMENT LIFE INSURANCE.

There have been eleven divisions of profit by the New Zealand Government Life Insurance Department among the policy-holders, the total amount divided to date being £1,811,385 cash, representing bonus additions to the sums

assured of £3,246,289. A division of profits is now made every three years, the amount divided for the last triennium being £213,008 cash, which produced bonus additions of £338,760.

Since its inauguration the Department has paid £3,941,414 on claims by death, £2,174,140 on claims by maturity of policies, and £2,049,747 to policy-holders in other ways, making a total of £8,165,301 paid to the policy-holders or their representatives.

The Department has, moreover, apart from its impregnable security, been so fortunate as to earn a name for broad-minded liberality in dealing with its policy-holders, and the results of its policy in general have elicited sincere approval on all sides, and placed the Office in an honourable position among the leading life assurance institutions of the world.

FILM PRODUCER.

There is no limit to the beneficial activities of State enterprize when it has not to think exclusively of earning profits for a small number of people. The following extract from the *Public Service Monthly*, August, 1919, of Saskatchewan speaks for itself :—

MOVING PICTURES OF BIRD LIFE IN SASKATCHEWAN.

FILMS SECURED BY CHIEF GAME GUARDIAN OF PROVINCE AND PHOTOGRAPHER EMPLOYED BY DOMINION GOVERNMENT WILL BE OF GREAT EDUCATION.

Mr. F. Bradshaw, Chief Game Guardian for Saskatchewan, recently returned from Lake Johnstone, where in company with a photographer employed by the Dominion Government, some quite unique motion pictures of bird life were obtained. "The experience," said Mr. Bradshaw, "was exceedingly interesting, and the pictures secured will be of great educational value. Up to the present in illustrating lectures on bird life, for instance on the Better Farming Train, it has been necessary to go far afield for the pictures required, and it will be far more interesting to be able to show intimate pictures of the domestic life and arrangements of our native birds."

A Bird Sanctuary.

In Lake Johnstone there is a large island, which is the resort for breeding purposes of innumerable birds of the rarer kinds. Pelicans, gulls, terns, cormorants and the beautiful great blue herons, are seen in thousands. The half-grown pelicans are marshalled and driven past the camera like a flock of sheep, and Mr. Bradshaw gave many of them their first lesson in swimming, when fine pictures of them were secured. The herons made good subjects for the camera, whether standing motionless as statues on a rock, or soaring like a fleet of aeroplanes overhead. The birds were extremely jealous of the intrusion of other birds on what they considered their own domain. If a young gull was seen swimming near where the terns were domiciled, the latter would form a regular procession and each tern on arriving over the gull made a marvellous swoop and administered a peck, each drawing blood from the head of the luckless intruder.

Very Successful Pictures.

Many successful pictures were secured of pelicans, from a leathery angular lump the size of the doubled fist to the size of a goose; of the cormorants in their rookeries; of nests and eggs; and most wonderful of all were pictures showing the beautifully graceful flight of the terns, which from its swoop and gyrations has been called the sea swallow.

It is intended to reduce and adapt the films for use in the Pathescope machine, now in possession of the Department of Agriculture, so that these pictures will doubtless in the future give pleasure to thousands.

Compare with the foregoing the following extract from the *Daily Telegraph*, of 1st January, 1920. The contrast between private and State enterprize could not have been put more forcibly by the most ardent Socialist:—

It remains to be seen whether this participation of capitalists will make, in the long run, for the improvement of the cinema. Two currents are already distinctly manifest, and, as the time goes on, their courses will probably diverge more and more. The business man, who sees in the cinema nothing but a good investment

will naturally try to introduce the business methods that have succeeded so well in many directions. In other words, his great idea will be to industrialize the cinema. He will advocate standardized mass production. He will seek to buy in the cheapest market and sell in the dearest, as a matter of course. His mind will run on the formation of trusts which will be able to control prices. If he can group 100, or 500, or 1,000 theatres together, the combination will be able to dictate its own terms to the men who make the pictures. Such a policy, unless there were some counter-balancing influence, would inevitably tend to lower the quality of the films, until the moment arrived when the public would grow tired of monotony, and the whole vast edifice of cinema enterprize would collapse like a house of cards. For some time to come, however, it looks as if this intensive industrialization of the cinema might be carried out with profit. There is still an enormous untapped reservoir of the public which has not yet acquired the regular cinema habit. Until all these hundreds of new millions have been indoctrinated with the cult of the silent drama, what may be called the industrial current will probably find vent for its energies.

CATTLE DEALER.

The following extract from the *Public Service Monthly*, of Saskatchewan, for October, 1919, may also be left to speak for itself:—

TIMELY POLICY OF DEPARTMENT QUITE SAVES SITUATION.

MANY CATTLE SAVED FROM SLAUGHTER BY DEPARTMENT BUYING FOR CASH AND SELLING ON CREDIT.

Hon. C. A. Dunning, Minister of Agriculture for Saskatchewan, states that owing to the measures taken by the Department of Agriculture for purchasing good breeding stock in the drought areas of the province for resale to farmers with sufficient feed, there is no longer any grave danger of any large numbers of good young cows or heifers being sent to the slaughter pens.

Over a thousand head of stock, mostly young cows and two-year-old heifers, have already been sold through the Live Stock Branch of the Saskatchewan Department of Agriculture to farmers in the northern and eastern part of the province. There are orders in from farmers for young grade cows and heifers which will require more than twelve carloads to fill.

Buyers are sent out by the Live Stock Branch to any point where good grade breeding stock can be purchased in carload lots, and sales are arranged in the leading live-stock distributing centres in the province where there is abundance of feed, with some capable man from the department in charge. At nearly every place where these sales have been held, there has been a good demand for the stock, a large attendance of farmers, and all the cattle offered have been disposed of.

The opening of the co-operative live-stock yards at Moose Jaw and Prince Albert will provide an important source of supply where breeding stock can be gathered up, as there are many farmers who have a few head of young breeding stock to sell but where it is impossible to make up a carload of breeding stock at their shipping point.

LIQUOR TRADE.

The United Kingdom has, alas, not figured much in this chapter, but we have during the last year or two carried on a most important experiment in connexion with State trading, which even from the point of view of the profit-earning capacity should satisfy reasonable opponents of Nationalization. The following are extracts from a letter which appeared in *The Times* in November 1919:—

LIQUOR CONTROL.

A Case for Public Ownership.

THE CARLISLE EXPERIMENT.

To the Editor of *The Times.*

It is certain that if the Labour people of Carlisle, who have had experience of the Liquor Control Board's system of

management, are reconciled to the situation, it is an augury of good for all future agitation for State purchase. It may not be out of place briefly to remind your readers what State purchase has done in the Carlisle and district area :—

1. It has effected the suppression of nearly one-half of the licences in the city, which were in existence in 1915—and these the worst of the type. This reform would have taken a generation to carry out under the 1904 Act.

2 It has installed salaried managers, without any interest in the sale of intoxicants, in every licensed house owned by the State, and has encouraged the sale of food and non-intoxicants by means of a liberal commission to the managers on such sales.

3. It has abolished all grocers' licences.

4. It has limited the " off " sales of spirits to less than one-fourth of the number of premises in which they could be obtained before.

5. It has introduced food into public-houses.

6. It has done away with all advertisements relating to the sale of intoxicants, and has so altered the external appearance of licensed premises as to eliminate all adventitious aids to the sale of intoxicants.

7. It has provided places where rest and refreshment can be obtained, without any inducement to buy intoxicants. It has established tea rooms in country public-houses.

8. It has reduced the convictions for drunkenness as under :—

In 1914 the convictions were				275.
,, 1917	,,	,,	,,	320.
,, 1918	,,	,,	,,	80.
,, 1919 (10 months)			,,	56.

And the Chief Constable of the city in his last Annual Report says :—

" The beneficial effects of this increased sobriety are far-reaching and fundamental. There has undoubtedly been a resulting improvement in the economic efficiency of the people, and the reduction in misery, crime, and degradation of every sort may easily be imagined."

No one who knew Carlisle in the old pre-war days can help being struck with the increased orderliness of the more congested and poorer areas of the city to-day. Instead of our attention being continually drawn to invitations to drink and to the glaring liquor advertisements that were as

offensive to the eye as they appear to have been alluring to the drinker, we cannot now pass a public-house in Carlisle without being struck by the artistic treatment of the exterior of the houses, and the same note is struck by the interior arrangements. The Control Board deserves our thanks for having given a look of almost distinction to the one-time gaudy gin-palace and a homliness of quiet colour to what was before disturbing ugliness. . . .

Of course we shall be met with the assertion that this is not time to go in for State purchase; but Carlisle has proved that State purchase is financially sound. Already one-third of the entire cost of the undertaking has been paid, and in less than five years from now the State will have for nothing an asset which is by no means insignificant.

It may not be out of place here to quote the concluding paragraph of Sir Edgar Sanders' last Report [White Paper, Cmd. 137 of 1919], which is well worth careful study.

"Whatever be its fate, the 'Carlisle Experiment' will have left its mark on the social history of this country. It is the first piece of constructive licensing reform undertaken with the prestige and authority of a Government Department. It has shown that the liquor trade can be carried on, subject to reasonable regulations, without detriment to the well-being of the community, and without undue interference with the liberty, tastes, and preferences of the large mass of the adult population. It has shown that the transfer from private ownership to public control can be carried through without undue friction, and without loss to the national exchequer. Above all, it has offered a new solution of the problem of intemperance."

Yours faithfully,

"CARLIOLENSIS."

12*th November*, 1919.

The following extract from *The Economist*, of 29th November, 1919, should also be studied in the same connexion :—

THE CARLISLE EXPERIMENT.

Although the official control of liquor traffic in the Carlisle area has been subjected to a considerable amount of criticizm, a great deal of which arises from ignorance of the

conditions which necessitated its introduction and of the results of its operation, the accounts for the year ended 31st March last show that on the financial side the undertaking has been a successful one from the taxpayer's point of view, and great credit is due to Sir Edgar Sanders, the general manager of the Control Board, and to the administrative staff. The net trading profit for the year was £137,986 as compared with £186,993 for the first two years of control, and after paying interest on Exchequer and other balances, £34,263, and writing off depreciation on leasehold properties, £694, and preliminary expenses, £6,510, the balance accruing to the Exchequer towards replacement of capital cost was £96,519. This makes the total surplus since the inception of the undertaking of £203,911, which means that about one-third of the average capital employed has been repaid in two and a-half years, after meeting all ordinary recurrent expenditure and depreciation, defraying the charges for preliminary expenses and the cost of improvements, not estimated to add to the realizable value of the properties, and paying interest on Exchequer issues and unpaid purchase moneys. In spite of the reduction of the local population to a normal level as a result of the closing down of munition works, we understand that takings for the current year show a large increase, and that even more satisfactory results are anticipated for the year ended 31st March, 1920. Property acquired stands in the balance-sheet at £727,700, over 95 per cent. of the claims for compensation having now been settled by agreement. It would, of course, be too much to argue from the experience of this small and special area that a general scheme of State liquor purchase would necessarily show proportionately good results. But the Carlisle experiment, at any rate, provides interesting data to students of the subject.

ELECTRIC LIGHT AND POWER.

Winnipeg's Successful Municipal Ownership.

City Light and Power Plant.

The Hydro-Electric System owned by the City of Winnipeg is recognized throughout the American Continent as an outstanding example of successful municipal ownership.

The rate charged for power being a determining factor influencing a prospective industry in the location of a site, it was realized by the Citizens as far back as 1905 that the rates charged at that time by the Winnipeg Electric Railway Company, who had a monopoly, were prohibitive.

The rate then was 20 cents per K.W.H. for light, with power in proportion. In June, 1906, a money by-law for $3,250,000.00 for the building of a municipal plant was voted upon and carried, and construction was immediately begun on the tramway line, 27 miles in length, due east from Lac du Bonnet to the new power site at Point du Bois, which had been finally selected by the City's engineers after a thorough investigation of the available power sites on the Winnipeg river.

The history of Winnipeg's municipal electric utility is very interesting on account of the rates quoted by private Companies desiring franchises for operating in opposition to the Winnipeg Electric Railway Company, as well as on account of the manner of overcoming the numerous obstacles and technicalities placed in the path of the city's officials and engineers by interests which feared the effect of realization of such project on their revenue.

The construction of the Plant was completed and placed in operation 15th October, 1911. The lighting rate, which had been reduced in 1907 from 20 cents to 10 cents per K.W.H., was further reduced to $3\frac{1}{3}$ cents, at which figure it has remained since.

The Rate to Manufacturers is as low as half a cent per K.W.H.

THE LOWEST POWER RATE IN NORTH AMERICA.

The plant is now developing 47,000 h.p., with an ultimate capacity of 100,000 h.p.

Official Advertisement of City of Winnipeg, in *Stock Exchange Gazette*, 19th February, 1920.

STATE PRINTING WORKS.

The following letter which appeared in the *Daily Mail* of 1st October, 1919, calls for no comment :—

STATE PRINTING WORKS.

To the Editor of the *Daily Mail*.

Sir,—As an interested reader of your vigorous criticisms of Government expenditure, I must join issue with you in

the matter of the State printing office. Surely this comes in a different category from other spending departments that you have named from time to time?

In the case of the Stationery Office, work is being produced at a profit to the State which otherwise must be put out to contract at a profit to the contractor. In the former instance the community gains, while in the latter the community pays.

Why should you argue to deprive the public of the opportunity of getting a little bit of its own back by eliminating the middle man? It is done at Woolwich Arsenal, and can always be justified when the Government is a large consumer of the class of goods produced.

One can but smile at the statement of "one of the principal members of the Master Printers' Association" who told your reporter that "firms have been doing Government printing at practically cost price." Possibly some firms at some time or other have done some Government work at cost price; but are we asked to believe that this was a voluntary act on the part of these firms, undertaken, as he says, solely "because the work involved no possibility of a bad debt"? It certainly adds point to the old saw that master printers live on their losses; but may I ask whether it is not a fact that Government printing contractors have paid, and are still paying, excess profits duty?

Seeing that the Select Committee of the House of Commons (with a master printer as its chairman!) came to the deliberate conclusion that the Stationery Office should, on the ground of economy, extend its activities to actual production, it is strange that you for the same reason should take an opposite view of the enterprize.

T. E. Naylor, Secretary,
London Society of Compositors

7-9, St. Bride Street, E.C.

PROFITS.

If there are any readers who still measure success only by cash profits, it might be mentioned that according

to the *Daily Chronicle*, of 26th January, 1920, "MUNICIPAL FARMING PAYS: Scarborough's municipal farm of 1,290 acres has made a profit in five years of over £5,000"; whilst, according to the annual statement of municipal statistics issued by Mr. W. Allison Davies, the borough Treasurer of Preston, 94 English and Welsh towns handed over in 1918 in relief of rates the sum of £1,387,607 out of profits on municipal undertakings.

CONCLUSION.

I could go on with instance after instance, particularly if examples from foreign countries were to be included; but have thought it would be more useful here to confine my examples to the British Empire. A list of instances of successful nationalized and municipal undertakings throughout the whole world, right up to the outbreak of the War, will be found in the author's "The State in Business or The Collectivist State in the Making"* (G. Bell & Sons, Portugal Street, London, W.C. 2, price 5s.)

That these community-owned concerns cover practically every sphere of human activity is shown by the following extract from that work:—

> I have touched upon merely some of the instances of State and municipal undertakings known to me, and there must be thousands of others of which I am not aware.
>
> Eliminating the element of time in getting from place to place, it is already possible for a man in any civilized country to be brought into the world by a State doctor or midwife, reared in a State nursery, educated, clothed and doctored at a State school, and, if needs be, fed at the cost of the community during his school days. He can earn his living in Government employment in any country. In most big towns he can live in a municipally owned house. In New Zealand the Government will lend

* See advertisement facing title page.

him money with which to buy a house, and it will also lend him, free of charge, the plans on which to construct it. If sick, he may be treated by a State doctor or in a State hospital. He may read at the State or municipal library until he goes blind, when the State will take him into a State blind asylum, or until he goes off his head, when he will be cared for in a State lunatic asylum. If unemployed, the State endeavours to find him work. In most of the towns in Italy or in Budapest, he can buy his bread from a municipal bakery, and in other countries he can get municipally-killed meat from a municipal butchery, and flavour it with Government salt, after having cooked it over a fire made with State-mined coal. Or he can partake of this meal in a municipal restaurant, drinking municipally brewed beer, wine from the State vineyards, or State spirits. He then lights his State-made cigar with State-made matches, and can read a municipally produced daily newspaper. By this time, feeling more cheerful, he can draw some more money from his account at the State or municipal savings bank, and can visit the municipally owned racecourse, where he gambles with the State or city, and can end up the evening at the State or municipally owned theatre. If he likes he can even take a municipal ballet girl out to supper, after which he may, if he feels so inclined, confess to a State-supported priest. Then, if he can afford it, he may go to recuperate at a State or municipal water spa or bath in France, Germany, or New Zealand, after having insured his life with a State Insurance office, and his house and furniture with the State fire insurance department.

By this time if a strong individualist, in despair at the encroaches of the State and municipality in every domain of life's activity, he can buy State gunpowder at a State shop and blow his brains out; or if he likes to blow out some one else's, the State, having brought him into the world and made him what he is, will finish the job and kill him, this being a monopoly jealously guarded by the State except in war time. In Switzerland, Paris, or many another city, the municipality will bury him. There is no time on this occasion to follow him beyond this stage, except to mention that the Public Trustee in most countries will probably look after the deceased's affairs much better than he himself did during his lifetime.

CHAPTER VI.

THE RIGHT TO STRIKE.*

I take as my text for this chapter the great railway strike of September, 1919, when the railway system of the United Kingdom was paralysed. When the strike broke out, the full force of the machine-made opinion of the Press, referred to in Chapter IX., was exercised, and among the upper and middle classes of London, certainly, the impression was successfully conveyed that " the public " or " the country " were absolutely opposed to the railwaymen. London is, of course, peculiar in that, being the capital and administrative centre of the Empire, the seat of all the great banking, insurance, financial, commercial, and not a few of the industrial undertakings of the country, not to speak of all the Government departments, it does contain a large proportion of the upper and middle classes who are encouraged by the Press to believe that they, and they alone, are the public. Now, it may be that the men's leaders were ill advised to strike ; maybe not. It is not for me to express an opinion. But the railwaymen have now had a taste of the manner in which so-called public opinion is organized. It was not until the compositors of the London Press, engaged on what they considered to be " poisonous misrepresentations," protested, that most of the daily papers began to change their tone, although their proprietors would never admit that this protest influenced them. Oh, dear, no ! But what did undoubtedly

* This chapter is based upon an article which appeared in the October, 1919, issue of *State Railways*, the organ of the Railway Nationalization Society.

influence the newspapers, and consequently the general public, was the conciliatory manner and determination with which the 11—afterwards 14—Trade Union mediators pursued their efforts to bring about a settlement. This the Press was forced to acknowledge, and when on the Saturday evening these same gentlemen who had been so much praised suddenly addressed a very serious warning to the Government and to the Nation about the forces which they found working against a settlement, the papers found themselves compelled to publish this warning (although I have heard some strange tales as to the measures that were necessary to cause some of them to do that), one could feel "public opinion" in London pause, go back upon its traces and begin to wonder if perhaps the men's case was quite so weak as the papers had been trying to make out. My own opinion is that this warning of the 14 was the psychological factor which settled the issue of the strike.

Who won? The papers, which had been comparing the railwaymen with Bolshevists, and said that, "like the War with Germany, it must be a fight to the finish," claimed that the men had been beaten. The men's leaders claimed that, on the whole, they had won. So responsible a City organ as *The Statist* put it this way:—

> On Friday, September 26th, Mr. Lloyd George, as head of the Government, declared that he could enter into no negotiations with the railwaymen if they struck without coming to an agreement. At midnight of the same day the whole body of the railwaymen ceased work, and the strike lasted for nine days. Within that short period the Prime Minister had completely changed his policy. Even on Sunday, the 5th of October, 1919, he met to negotiate with the leaders of those Trade Unions which felt bound to support the strikers, and he so completely unsaid all that he had declared a little more than a week before that on the following day the strikers resumed work. We leave it to our readers, then, to decide which side has won in this struggle.

Personally, I hold the opinion that neither side won, and that, taking everything into account, this is the best thing that could have happened. But what falls to be considered is the bearing of all this upon nationalization. I found among my Press cuttings articles and letters (the writers of which seldom gave their names and addresses) which appeared in papers throughout the whole country to prove that this strike was the death knell of nationalization for it had shown, that under nationalization the workers are even more likely to strike than under private ownership ! These articles and letters were so similar in their wording as to justify the assumption that they were part of an organized campaign.

It seems to me that to form any judgment on the railway strike from this particular point of view is either dishonest or stupid. Undeniably it was the Government which was negotiating with the men ; *but on whose behalf ?* We have not got a system of State-owned railways. What is happening is that they are being operated by the Government for two years, by the end of which period their future will be determined, the Nation meantime guaranteeing to the companies their pre-war profits. It is quite on the cards that a Government and Parliament, such as that in power at the time this is written, may, after putting the railways in nice order, improving their equipment and management at the Nation's expense, settling matters with the workers, and getting passenger fares and goods rates up to a nice payable level, hand them back to the companies to be worked for the profit of the stockholders. That this view has been held in certain quarters is shown by the following extract from the *Evening Standard* of 13th March, 1919 :—

> If unified command increased the efficiency and reduced working expenses as much in Sir Eric Geddes' hands as it

ought to, then two years hence it may be possible to return their properties to the companies in a solvent and greatly improved position.

The following extract from the circular issued on 19th December, 1919, to the railway shareholders of the country by the directors of the railway companies, bears out this contention only too fully :—

RAILWAY RATES.

The additions thus made to the Labour Bill have unduly increased the outgoings in proportion to the present revenue-earning capacity of the railways, but it is understood that the Minister will take measures forthwith for the purpose of raising rates and charges in order to restore the requisite balance of income between revenue and working expenses, and to provide an adequate return upon the capital invested in railways. These charges are to remain in force for 18 months after the expiration of the period of Government control, in order to enable the railway companies to apply to Parliament for the necessary alterations in their statutory powers, and having regard to the promising signs of trade prosperity and to the great capacity of the railways and their organization as proved by their past services, the directors have every confidence that *when the undertakings are returned to the commercial management of the proprietors*, they will have a prosperous future before them.

And yet behold how quick opponents of nationalization are to prove that the railways were nationalized. In the *Sunday Times* of 5th October, 1919, Mr. Harold Cox wrote :—

Whatever other conclusion may be drawn from the railway strike this at any rate is obvious to all citizens, that it knocks the bottom out of the Socialist case for Nationalization. The strike was carefully timed to take place on the very day that the State took over charge of the railways ;

and a few days later (I quote from a newspaper report) Sir Arthur Boscawen, Parliamentary Secretary to the Board of Agriculture, speaking at Dudley, said the Government were determined not to nationalize anything

unless the people, after a general election were in favour of it. The railway strike, he affirmed, *proved that such disputes were more likely to occur where the services became State-owned.*

The really important question never seems to be considered by the gentlemen who write to the papers, and this is: Are the remuneration, conditions, etc., of the workers, actual and proposed, proper or not? If they are not, and they can obtain redress in no other way, the workers are entitled to strike, whether their short-sighted employers are companies or the Nation. Neither one nor the other has any right to try to compel a large number of citizens to live below the poverty line in order that others shall benefit. All that one can say on the general question is that, with nationalization, there is, on the whole, less liability of a series of strikes, for nationalization always brings uniformity and grading, absence of which inevitably leads to trouble in big undertakings; and a nationalized concern, being run more with the object of serving the community than providing unearned profits for a small number of people, there is not the same driving force behind the management to screw down the workers. As to what experience shows—well, we have two prominent examples. Let us take the coal-mining industry, one of the greatest that is carried on under private enterprize. The past few years have witnessed a succession of strikes, sectional and national, and if anyone attempts to deny the dangerous and inflamed state of feeling that exists among the miners as a result of working under private enterprize, he is a bold man. On the other side we have the Post Office, the greatest State-owned undertaking in the Empire. True, there has been plenty of agitation among the postal workers, *but, as yet, no actual strike*, nor is the feeling among them one quarter as bad as

among the miners. And then, when the workers on the railways, who under private ownership have struck twice within the past few years, do so again at a time when the railways are being nursed and put into shape by the Government, *without any undertaking that they shall be national property*, it is held up as a proof that nationalization means more strikes !

One thing that opponents of nationalization allege must, I think, be granted to them, and that is the comparative efficiency with which road transport was organized and handled during the strike. So eager are these people to show that the railwaymen do not possess the power to hold up the community that they have wholly failed to overlook the fact that what they are praising is the result of nationalization. It was the existence of a huge fleet of State-owned motor-lorries, plus a magnificent network of State or community-owned roads, that rendered it possible to feed the community during the strike. *The Times* is quite correct in pointing out that the railways are not so absolutely indispensable to the community as most people imagined, and it will be useful to quote *The Times* to this effect if and when the State enters into negotiations with the railway companies as to the price to be paid for their systems. Perhaps the Government will then act towards the representatives of the stockholders as it did to the men's representatives when it was a question of fixing wages ; perhaps not.

The final word I have to say on the question of whether nationalization is likely to lead to less or more trouble with Labour is this. If, as I do, you believe that in the long run you get out of life largely what you put into it, and that people will treat you as you treat them ; if you believe that mankind, given a fair

chance, is at heart just as decent and responsive to comradeship and frankness as it rebels openly or secretly against tyranny; if, in short, you believe that man is something more than so much material, you will believe that a large body of men, knowing that they are working for the community, and with their own representatives on the management, sure of a square deal and of knowing how things really stand, and freed from the fear that all sorts of dodges and manœuvres to keep them under and squeeze them down, in order that a certain number of people (and not the community) shall profit, will work with quite a different spirit from men who are treated like dirt, or, at best, as so much machinery; and you will believe that on this account they will not be so liable to rebel to the extent to which some decades of blind, unprincipled, and indifferent private management of what should be a great national service has brought them. And this is the case for nationalization, so far as regards its relationship to the Labour problem. Of course, if Governments are always going to consist of representatives of a class whose horizon is bounded by dividends, a nationalized system will not be wholly satisfactory from the point of view of Labour, although I submit that it would nevertheless be more satisfactory than company ownership; but we must assume that with the growing power of Democracy, which even the whole organized forces behind the Press cannot frustrate, Governments, like other things, will become better.

So much for the Railway Strike of 1919; but I can readily understand many a reader asking if, really, in a properly organized community, strikes will be necessary and if indeed it should not be a condition of Nationalization, particularly in services vital to the community, that strikes should be forbidden.

Let us consider this last point first. It is an attractive idea that the community should be assured against the disturbance of any service upon which its very life depends, and the necessity for this becomes more apparent as the community itself becomes more dependent upon certain machinery, such as railways, electricity, etc. Thus, we find Mr. Winston Churchill writing in the *Illustrated Sunday Herald*, of 7th December, 1919:—

> And at this point we observe that there has come into prominence a class of men who seem to think that because their hands are on the switches and levers by which scientific civilization lives they have only to stay them to be masters of the world. They claim that it is legitimate for those workers who deal with communications, transportation and power in all its mechanical applications, to band themselves together and by a swift, sudden and secretly prepared blow lay the whole community at their mercy.

Strangely enough, this very power that Mr. Churchill has just become aware of, on the part of a comparatively small number of persons to hold up the entire community unless their own particular demands are granted, has been exercised by Mr. Churchill's own class for centuries—I refer to the owners of land—but it is only when working men, who, unlike the landowners, have to work with their own hands, commence to play the same game, that our governing class awakens to the iniquity of the system!

I am afraid that so long as our present system of production for profit continues, strikes will be necessary in private industry; and that so long as our public services are controlled by a governing class which is dominated by the ideas of private industry, namely, that one should get as much as one can and give as little as possible in return, the strike weapon may have to be used there also.

Nothing illustrates the shortsightedness and stupidity of our present governing class more than the first police strike. The most rapacious Eastern despot sees to it that his bodyguard is adequately clothed, fed and satisfied; and what his palace guards are to a Sultan, the police are to the propertied class! Yet, when the Committee on the Police Service appointed by the Home Secretary on 1st March, 1919, issued its first report in July of that year, the Committee found itself compelled to point out that while unskilled labour employed by local authorities was in some cases being paid from £2. 15s. to £4 per week, the pay and allowances of a police-constable in London after five years' service was only £3. 7s. per week, and in the small boroughs not more than £2. 15s. per week; and having regard to the need and responsibilities of police work the Committee considered that the pay should not be based on that of an agricultural labourer or unskilled worker (one wonders by the way why an agricultural worker should be ranked with an unskilled labourer, until one remembers that agriculture is even more under the domination of our governing class than any other industry), and the Committee recommended therefore that the wages of the police should be increased to £3. 10s. per week, rising by annual increments to £4. 10s. per week. *Now this Committee was not constituted, and these improvements in pay were not brought about until the police had struck.*

As regards the second, and thus far abortive, Police Strike, which took place in September, 1919, I imagine that many readers, like myself, have been worried as to what is the correct attitude to take towards it. One can so easily realize the validity of the argument that the Police Force, like the Army, is a weapon forged by society for its protection against malefactors,

and that to allow the weapon to possess a say in its own use would be too dangerous to be thought of. On the other hand, people who talk like this cannot mean that members of such forces are to sink absolutely their own liberty of thought and action, otherwise a Secretary of State of a certain type not wholly unknown in this country, or a General, might make himself dictator of the country. Our governing class has not been wise enough, until the police took direct action a few months ago, to pay them adequately, let alone give them compensation for deprivation of the right to combine that is enjoyed by all other workers; but suppose they did—we are still face to face with the problem of whether it is good to train and breed a distinct class like this which is not permitted to have the same right or be subject to the same influences as its fellows. We do not want more janissaries. I admit the problem baffles me; but society will have to tackle it sooner or later. One cannot but be sorry for the hundreds of police with whom the sense of solidarity with their fellows was so strong that many of them sacrificed pensions towards which they had worked 20 years or more. These pensions are really paid for by themselves out of their wages, in the fixing of which the pension is counted, so that morally the authorities ought to return to the discharged men the commuted value to-day of their pension rights. If they were wise to the interests of their own class, the Government, with a gesture of generosity, would offer re-instatement without penalization to all the police who left work; fortunately, perhaps, for the future progress of events, the Coalition Government appears incapable of such wide vision, although one might perhaps have expected it from Mr. Lloyd George, who does possess the gift of imagination.

Let us return to the question whether, in a properly organized society, there need ever be a strike. Some time ago, soon after the London teachers' agitation, I discussed this point with one of the greatest thinkers in the country, the head of a great University. "I quite understand," I said, "that so long as the relationship between every body of workers and employers—be the employers private persons, a company, or the community—is that of a struggle, each side contesting for the largest possible share of the swag, trade unions, with the weapon of the strike in the background, are a necessity; but surely, once we achieve a measure of practical socialism, the full rights of each person being recognized in his capacity as a human being and a member of the national family, this awful struggle, and consequently all these trade and professional associations, will become unnecessary as fighting organizations?"

"No," replied my friend, "the trade union or professional organization will always be required. The world is too complex for any body of men and women, acting as a government, to be aware of what is required in each calling, and these unions or associations will always perform a useful function in bringing details before the notice of the Government. However, it is to be hoped that, when Labour comes into power," he added, "and a more sincere attempt is made to treat all sections of the community fairly, the energies of the trade unions will not have to be directed wholly to bettering the economic position of their members, but they will have time to pay attention to the education of their members, the improvement of processes, the study of the sciences underlying the practice of their profession, and so on. But I am afraid you will have to get rid of the governing class—my own class, as it happens—first," he added sorrowfully.

But I have not yet replied clearly to the question put earlier in this chapter as to whether it is possible to do away with the right to strike in the case of those engaged in services like the railways, water, and electricity supply, upon which the life of the community depends. I wish it were possible to give a simple answer to this simple question; but it is not. Obviously, if you are going to take away the common right of a man to withdraw his labour if he so desires (the one right which differentiates him from a slave) in a certain service, you must be prepared to compensate him handsomely for the deprivation of that common right; and as yet there has been no widespread sign of this being contemplated. But, even so, suppose a man takes such a dislike to his work, or finds the tyranny of some superior so unbearable that he feels he must "chuck it"; what can you do? "Oh," you may say, "it is lightning strikes we object to." Yet, supposing half a million men decide to give full legal notice to leave work on a certain day. You are not so much better off; you cannot always rely on getting blacklegs, certainly not skilled blacklegs. Moreover, thousands of people in the higher walks of life have agreements and if, as often happens, they break them, the law does not compel them to work. A wise employer would have grave fears as to the quality of the work performed by an employee who was sent back to his job under a police guard—all that can be done is to fine the man for breach of contract.

Send half a million striking railwaymen or a million mine-workers back to work under a military or police guard, and will they work seriously? The thing is unthinkable. In practice, if matters ever went so far, the men would probably fraternize with their guards, who spring from the same classes as themselves, and

in any case, the service or industry thus handicapped would soon break down completely.

I admit sorrowfully that these remarks are no solution of the problem; but they present the difficulties of the situation, which are seldom put squarely before the newspaper reader; this matter of the good-will of the worker is a tremendous factor in production, as every thinking person knows, but do we ever hear of it from the employers or government (same thing) side in the arguments brought forward against the Nationalization of the Mines? The feeling among the 1,130,000 of coal-mine workers is completely ignored, while all deference is paid to the wishes and opinions of the few score magnates who control and own the greater part of the coal-mines of the country.

But, let us ignore all these difficulties and suppose that the workers in any one great industry have, for a consideration, signed away their right to strike (a perfectly legal thing, by the way, it is just as well to remind some readers) and that their dissatisfaction with their remuneration or conditions of service becomes so intense that they find it unbearable; and that they can get no satisfaction from the powers that be. One day they refuse to work. "They are not allowed to strike," you exclaim; all right! don't let us call it a strike; let us call it a revolt. That does not help matters much. And it makes no difference here whether the service in question is worked under private enterprize or as a community-owned undertaking. All that one can say is that if the sense of justice of the community is outraged by any unreasonableness on the part of the workers, they will not gain the day; and if the employing side is at fault, they will, in the long run, lose. Of course, the existence of a free Press is necessary in order that

the community may hear both sides; or at least an open inquiry such as the Coal Commission.

No, there is no simple solution of the strike problem; and all that one can say with confidence is that when all the vital public services are run by the State or municipality without the incentive to private profit, and with all the publicity and public criticism that are given only to State or municipal undertakings, such crises are likely to be much less frequent than they are to-day.

CHAPTER VII.

NATIONALIZATION AND THE WORKERS' SHARE IN MANAGEMENT.

A few years ago any mention of the workers sharing in the management of the industry in which they were employed would have been received with amazement, and the person who advocated any such thing would have been looked upon as a lunatic, or, at best, a hopeless idealist. Early in the War, in the course of a business trip to the Clyde I mooted the subject, in advance of the Whitley Committee Report, to some large employers with whom I came into contact. I found that the merest suggestion of any such thing as participation in the management was scouted with indignation; out of a round dozen of industrial magnates with whom I discussed the matter only one was sympathetic to the idea. Others appeared dumbfounded at the notion that "my hands" should have anything to say in connexion with the conduct of "my business."

Well, the time is over when the workers are content to be regarded as chattels or as so much raw material, and enlightened employers (to whom all due praise be given) are finding that they stand to benefit considerably, and in many unexpected ways, by admitting their workers to the status of partners in management—leaving out of account, for the time being, the question of the workers' participation in the profits of industry.

This is not the place in which to discuss how far this participation of workers in management will go, and whether the aims of the Guild Socialists will ever be achieved. All that we are concerned with for the moment is to show that at present in every industry

under private control there are three conflicting interests—the capitalists, as proprietors; the workers; and the community (as consumers). However much you institute Industrial Councils, Conciliation Boards or what you will, you will never wholly remove the conflict between these various interests. All that we can aim at achieving is to arrive at the greatest common measure of satisfaction to all, and in so far as Nationalization results in the disappearance of the proprietary interest by merging it with that of the consumers (the State then representing both), the problem is manifestly simplified by the reduction of the conflicting parties from three to two.

But, it may be urged, by transferring the proprietary interest from the capitalists to the State, you may have transferred it, but you have not caused it to disappear.

DIVIDENDS VERSUS INTEREST.

This overlooks a factor of considerable importance. When the State takes the place of an owner of a business or service, it buys out the proprietors either for cash or by the issue of Bonds or Stock *bearing a fixed rate of interest*. This brings with it an entire change of attitude in regard to the working of the undertaking, for it results in the disappearance of the incentive to make the greatest possible profits in the quickest possible time, to which so many of the evils of our present state of society are due. To show this difference between dividends and interest, let us take the case of a big shipping company, the Peninsular and Oriental Steam Navigation Company for example. There are in the hands of investors £1,592,480 of 3½ per cent. Debenture Stock, £3,040,000 of 5 per cent. Cumulative Preferred Stock, and £3,200,235 of Deferred Stock of this great

company. The Deferred Stock, in the case of this company, takes the place of Ordinary Shares of most companies, and part of it is "watered" stock, or, to be precise, represents not additional capital put into the business by the shareholders, but accumulations of hitherto undivided profits which have been distributed in the shape of bonus shares. Thus, in November, 1919, in addition to the ordinary cash dividend of 6 per cent. free of Income Tax on the Deferred Stock (making 12 per cent. for the year), holders received a bonus of about £6 of new Deferred Stock for every £100 of Deferred Stock already held by them, which, seeing that the Deferred Stock was quoted at £670 per £100, represented an additional dividend equal to about £40 per £100 of Stock.

The point I wish to make, however, is that the dividend on Ordinary Shares or Deferred Stock varies from time to time according to the profits the Company makes, and according to the proportion of such profits that the directors deem expedient to distribute during any particular year. For the seven years ended December, 1918, the dividends on the Deferred Stock of the Peninsular and Oriental Steam Navigation Company have been as follows: 15 per cent., 15 per cent., 15 per cent., 15 per cent., 18 per cent., 18 per cent., 18 per cent.

Obviously, the more a company manages to take in receipts, the more it charges for the services it renders, and the less it pays out for wages, material, etc. (provided it carries neither to such a point as to make the consumers or workers protest to such a degree as to upset the business), the better for the Ordinary or Deferred Shareholders. But the Debenture-holders have no such interest in the matter, provided that the amount necessary to pay their interest is earned. To

them it makes no difference whether the company makes £200,000 profit or £2,000,000. The same observation applies to holders of Preferred Shares or Stocks which also are entitled merely to a fixed rate of interest, although in this case it is technically called "dividend." Now, if the State purchases an undertaking, it pays in cash (raising the money by the issue of loan stock at a fixed rate of interest) or, still more simply, it pays by handing over to the proprietors of the various classes of stock or shares such amount of fixed interest-bearing Government Loan Stock as has been settled upon as the purchase price. In either case, what happens is the substitution of stock *with a fixed rate of interest* for Ordinary or Deferred Capital on which the dividend varies year by year (and in an upward direction, naturally, if the proprietors and their directors can manage it); and once the service becomes a community-owned undertaking the energy that has hitherto been devoted to earning ever-increasing dividends can henceforth be devoted to rendering public service.

Nationalization, therefore, results in the elimination of the dividend-earning incentive, and on that account it will be seen that the combination of representatives of the workers with representatives of the community in the management of a nationalized undertaking presents fewer points of friction than when the third interest, viz., dividends, is an additional, and usually predominant, party.

As already mentioned, I am not concerned here with the question of whether an industry should be managed solely by representatives of the workers in that industry without the consumers, as such, being represented on the boards of management. Up to the present I am not converted to that theory, but, if later on, the Guild Socialists can convert the community to their views,

Nationalization with joint control, as here advocated, does not conflict in the least therewith, for it will have resulted in the elimination of that proprietary interest which is most opposed to any such scheme, and, meantime, the administrative experience that the workers' representatives will gain during the existence of such joint control will be so much to the good.

Although it does not go as far as Labour intends, it is interesting to see how far already, under the pressure of opinion, our present governing class is conceding the principle of joint control. The following is the detail of the Admiralty scheme for the Government dockyards, as submitted by the Admiral Superintendent, Rear-Admiral Sir William E. Goodenough, to a meeting of trade union representatives and the principal officers of the Chatham dockyard.

The account is taken from the *Chatham Observer*, of 20th December, 1919:—

> The Admiralty scheme sets forth that the broad object for which Shop, Department, and Yard Committees in Admiralty Industrial establishments are constituted is to provide a recognized means of consultation between the management and the employees in the establishments: to provide that the employees are given a wider interest in and greater responsibility for the conditions under which their work is performed; that the regulations contained in collective agreement made in the Departmental and Trade Joint Councils are duly carried into effect; the prevention of friction and misunderstanding.
>
> SHOP COMMITTEES.
>
> With regard to Shop Committees the number of employee representatives will vary with the size and complexity of the particular shop, but there shall be at least one representative or steward to each trade union having members employed in the shop, unless the number of its members is very small, in which case special arrangements may be made for indirect representation through some other Trade Union representative or in such other way as may be

determined by the Yard Committee. The official in charge of the shop and his immediate responsible subordinate officials shall form a constant nucleus of the management side. The numbers on each side of the Committee need not be equal.

Departmental Committees.

There shall be Departmental Committees in cases where the yard is organized into departments composed of several shops, except in any case in which the need is sufficiently met by the Yard Committee. The representatives of each Trade Union shall be appointed as may be determined from among their members employed in the Department concerned. The management side will be represented similarly to the Yard Committees.

Yard Committees.

There is to be one Yard Committee for each yard. Trade Unions having representatives upon all the Department Committees are also to be directly or indirectly represented upon the Yard Committee. The principle should also be observed that every Department shall be represented on the Yard Committees. The management side is to consist of the Superintendent, together with such other responsible officers as may be determined: where such an officer exists, the Labour Officer or Welfare Superintendent shall be a member of the Committee. The Committee is to determine what Department or Shop Committees are required to meet the circumstances of each case, and also determine any difference which may arise on, or regarding Department Committees and Shop Committees.

Officers and Procedure.

It is laid down that the Chairman of a Committee is to be appointed from the management side, and the vice-chairman from the employees' side. Each side shall appoint a secretary. Representatives are to be appointed for twelve months, and will be eligible for re-election. Either side of a Committee is to have the right to co-opt persons having a particular knowledge of a matter under discussion, in a consultative capacity. It is also open for any Trade Union to arrange for the attendance of its district official at any meeting of the Yard Committee while business particularly affecting the Union is under discussion.

When an individual workman desires to call attention to a grievance or any other matter, he shall do it either through the usual official channel, or he shall report it to his Trade Union representative on the Committee concerned. Such official shall endeavour, in the first instance, to obtain a settlement, but failing this he shall inform the secretary of the employees' side of the Shop Committee, who shall then endeavour to arrange a settlement with the official in charge. If no such settlement is reached, the matter shall come before the Shop Committee, then if not settled to go in turn to the Department Committee and Yard Committee. In the event of the matter not being then settled, it shall be open to either side to require its reference to the Admiralty Industrial Council. Employee representatives are to be paid their earnings lost for time spent at meetings of the Committee.

FUNCTIONS.

The Shop, Department, and Yard Committees are to consider matters only of a general nature. Matters which are ordinarily regarded as exclusively trade questions, such as wages, etc., are not to be dealt with by those Committees. A fundamental principle laid down is that a Yard Committee (or subordinate Committee) is not to have the power to make agreements which may be inconsistent with the powers or decision of a Departmental or Trade Joint Council.

Appended are the matters of a general nature to be dealt with in full Committee :—

Issue and revision of works rules.

The distribution of working hours, breaks, time recording, etc.

The payment of wages (time, form of pay ticket, etc.) ; explanation of methods of payment.

The settlement of grievances other than those of a specific trade character.

Holiday arrangements.

Questions of physical welfare.

Questions of promotion and reversion.

Questions of discipline and conduct as between management and workpeople (malingering, bullying, time-keeping).

Terms of engagement of workpeople.

Training of apprentices and young persons.

Technical library; lectures on the technical and social aspects of industry.

Suggestions of improvements in method and organization of work; the testing of suggestions.

Investigation of circumstances tending to reduce efficiency or in any way to interfere with the satisfactory working of the establishment.

Collections for clubs, charities, etc.

Entertainments and sports.

Nationalizers' ideas as to the share of control and the manner in which the workers' representatives are to be elected on the boards of management of community-owned undertakings will be found in the Railway Nationalization Society's draft bill on page 277, the proposals in which relating to the representation, were put forward after conferring with the general secretaries of the three great railway trade unions, who are members of that Committee.

In Chapter IV., "Nationalization and the Ideal of Service," indications have been given as to the direction in which the workers will be able to improve public services by a share in the management, and in this connexion readers are referred specially to the concluding paragraph of that chapter on page 64 dealing with Post Office employees and the provision of further facilities.

CHAPTER VIII.

METHODS OF NATIONALIZATION.

The simplest form of nationalizing a service or commodity is for the State to buy outright all the existing undertakings and to make a monopoly of the service, as is the case with the transmission of letters by the Post Office in this country, the manufacture and sale of tobacco in France, Italy and other countries, funerals as in Switzerland (in Paris this is a municipal monopoly), salt in Roumania, etc., etc. If all existing undertakings in any one industry or service are bought out, this disposes of the argument of unfair competition by the State with its vast monetary resources behind it, as opposed to private enterprize.

Another method of achieving community ownership is for the State or city to carry on a service or industry side by side with similar services or industries conducted under private enterprize. This method is favoured by those who are enamoured of competition as productive of more facilities, and whereas in the case of competition between two or more private enterprizes, experience has shown that sooner or later such competition ceases either openly or secretly, the various parties finding it more profitable to come to an agreement than to continue competing, any such arrangement is much more difficult when one of the parties happens to be the State or city, for any such arrangement has to be openly debated and discussed in all its bearings.

TO KEEP CHARGES DOWN.

There is a growing tendency for Governments and municipal bodies to start services, not so much for the purpose of making profits, nor necessarily with a view to acquiring a monopoly, but with the object of preventing the private enterprizes engaged in the same line from overcharging the consumer. This is the declared policy, for instance, of the Commonwealth Government line of steamers, referred to on page 67. This policy should be followed (but is not at present) by the London County Council in connexion with its great tramway service. Properly worked, this could be used as an effective lever to protect the London public from overcharges for transport. The London County Council tramway system, like every municipal undertaking of this kind, has been compelled by law to set aside each year out of the takings a large sum for the repayment of debt, which is deducted before arriving at the profit. In addition, it has been burdened with numerous other charges for road improvements and upkeep, etc., that, in the case of a company, would not have been charged to the undertaking at all. As a result of the steady reduction of debt the tramways undertaking stands in the books many millions below its real value, the rolling stock being maintained out of revenue, so that there is no need for a large depreciation fund. There is no need here to go into details, but if the London County Council tramways undertaking were a company and were in the same position, it would—instead of talking about carrying on operations at a loss—distribute additional shares as a bonus to its shareholders. The London County Council could, if it so desired, give a bonus to its real shareholders, viz., the London public, by charging low fares and thus compelling the other

undertakings, catering for London traffic (which should undoubtedly be municipalized and carried on as one undertaking) to be moderate in their charges or, because they could not compete with the "clean finance" of the municipal undertaking, sell out to it at a reasonable figure.

"WHY PAY COMPENSATION AT ALL?"

There is a section on the left wing of Labour which argues something like this:—

"Why compensate at all? In the case of land, for instance, the original proprietors simply stole it, and because they and their heirs have lived on it ever since, that is no reason why the community should buy them out. If a man steals a watch and sells it, and the owner claims it, the buyer has to lose his money; so why make a song about the hardship to the present owners of land, even if they or their predecessors do happen to have paid something for it?"

The section which utters these views is not very numerous, but it is vociferous, and, acting as it does from the emotions, and appealing to the emotions of the dispossessed and the struggling, it gains a more sympathetic hearing than the average well-to-do reader might think. The principle laid down by such speakers will not, however, work, and as this book is likely to be read by many who do talk like that, or are sympathetic to such arguments, it may be as well to explain why it is impossible.

I deal here with the question of land only, as it is the best instance the extremists can bring forward to support their case; but the argument applies to all other forms of property that the State might take.

If all the land of the country were in the hands of, say, six persons whose forbears had calmly annexed it, the taking back of such land by the community would be

a comparatively easy matter; but things are not so simple as that. Suppose, for the sake of argument, such an unthinkable thing occurred as the British people voting by an overwhelming majority in favour of the State taking over all the land of the country on 1st January, 1921, *without any compensation*; what would happen?

The dukes would suffer, undoubtedly, unless they managed to sell their land previously and put the proceeds into other forms of investment. But the various insurance companies, friendly societies and others, which have hundreds of millions of their funds invested in mortgages on land and house property, would find a large part of their security disappear without the borrowers having the means left to repay their loans. These institutions would therefore find themselves unable to carry out their obligations, and the millions of people who have take out life and endowment policies, who have insured against sickness, etc., who have invested their savings in the purchase of annuities as a provision against old age, etc., would lose the certainty of getting what they had paid for. Every person, every concern, every co-operative society which had bought land or freehold property, would find a large amount of its assets gone, and the loss of confidence that this would create would bring down the whole structure of our present society without replacing it by anything equal to it, let alone better, for one cannot create overnight a properly equipped Socialist State in full working order. The hundreds of thousands of persons whose only means of income was derived from ground rents or revenue from ownership of land would immediatey become paupers.

But the Nation would be confronted with even more absurd things than this. You would have the case of two wealthy persons who, in 1917, let us say, each owned

land to the value of £200,000. Number one in 1918 sold all his land to 200 tenant farmers in lots of £1,000 each (this even figure is used for simplicity's sake), whereas number two retained his land. The State steps in and takes, without compensation (" resumes posession on behalf of the community ") all land held on a given date. Landowner number two loses all his £200,000 worth of land and is reduced to want. His more fortunate fellow, number one, who sold his land a year or two previously, has his £200,000 snugly invested in shipping companies, breweries, cotton-thread manufacturing companies, Argentine railway shares, and the like, and finds it has grown to three or four hundred thousand pounds. *He* goes scot free, *but the* 200 *unfortunate farmers who, out of their savings, had purchased his land at an average price of* £1,000 *apiece, lose the lot!*

When analysed, it will be seen that the proposal of giving no compensation is too ridiculous to be discussed seriously; you do not solve the great social problems of this complex world by mere word spinning, and by pointing out, for instance, that the Crown is already the real owner of all land and does not therefore require to pay compensation; and so on. If any attempt were made to take land or any other form of recognized property for the community without compensation, it would have to be accompanied by such an enormous system of compassionate grants and pensions to the millions of hard cases of ruin and impoverishment, that it would cost more in cash and administration than to give compensation on a reasonable basis in the ordinary way.

This is not an argument in favour of that too liberal compensation which our governing class almost always

manages to secure for itself and friends when it comes to the community taking over anything; but it is just as well, once and for all, to dispose of the notion that you can remedy one injustice by creating another. By all means let wealth be taxed; but *let the tax be on all forms of wealth*, and do not ruin one person because, by the hazard of fate, he happens to own one form of property, while you allow another to escape because he has the good luck accidentally to possess some other form of property. Certainly land is indispensable to the community, and those who own the land have their hand on the throat of the community, as it were, but this applies to shipping, coal, and many other things also. You might as well impose a special tax upon people with red hair!

If, on a given date, you introduced complete Socialism, by which each member of the community was assured of his or her full share of the annual income of the Nation, these difficulties would not arise; we shall ultimately reach that state, but it will be by degrees, and until it is achieved, any attempt to take for the community some forms of property without compensation, whilst other forms of property are left undisturbed in the hands of their proprietors, would bring down with a bang the whole fabric of society and lead to a reaction worse than the existing state of affairs.

ON WHAT BASIS SHOULD COMPENSATION BE GIVEN?

The answer to this question has been rendered more difficult by the War, and the enormous change in

values that it has brought about.* Where an industry or service is carried on under a licence or by permission of the community, as it were, because it uses community-owned property—this covers, or should cover, railways, tramways, omnibus services, gas, water, electricity, and all public utilities—it is obvious that the community is entitled to purchase at a lower rate than in the case of an industry in which persons have built up businesses not dependent upon the permission of the State or municipality or the use of community-owned services, other than those enjoyed by every other citizen. In the case of such businesses the owners are entitled to such compensation, in the event of their being bought out, as they would receive if they were bought out by another private concern as the result of negotiation, as as is done every day of the week.

"UNFAIR COMPETITION" OF THE STATE OR MUNICIPALITY.

But if the owners of existing businesses demand a price in excess of what appears reasonable, they are not entitled to complain if the State or municipality drops the idea of buying them out and starts its own service in competition with them. The cry of unfair competition on account of the State or municipality having behind it the resources of the Nation or the ratepayers is only valid if losses are incurred; and, although, other things being equal, it may be desirable as a general rule

* It is noteworthy that in the case of the liquor trade the three Government Committees appointed to report upon State control of the drink trade were unanimous in recommending purchase by a simple capitalization of *pre-war* net profits, their recommendation being to the following effect:—

"The profits to be so capitalized must be pre-war profits, and the effect of war conditions on profits, whether favourable or the reverse, must be excluded."

for such undertakings to pay their way, it may quite easily be to the benefit of the public that a loss should be incurred on a certain service. We have freed most of the bridges from tolls, the London County Council carries millions of people by steamers across the Thames by means of the Woolwich Free Ferry without any charge, the service being therefore a dead loss to the ratepayers; every town in the United Kingdom carries on its drainage system at a loss expressed in terms of money; all of which would render private competition impossible. Incidentally, it may be remarked that the community always has the over-riding right of protecting its own health or welfare without regard to private interests; in the case of war the State even claims the citizens themselves and takes them away from their occupations to serve the community at a very low rate of compensation; and in the case of a railway strike it starts lorry services without asking the permission of private owners, and, as will be seen on reference to page 186, receives the warm commendation of important business interests for its action in so doing. If, therefore, private enterprize proves to be inadequate or deleterious to the needs, health, and well-being of the community, it appears clearly established that the community is entitled to start a service of its own to remedy these deficiencies.

THE SUPERIOR CREDIT OF THE STATE.

It must be remembered that the community, having the labour and assets of all its citizens behind it, can always raise capital more cheaply than any private body, and that, as explained on page 121, it raises all its capital at the minimum rate of interest in the shape of *loans*, instead of raising part in debentures paying a low rate of interest, part in preference stock or shares

paying a higher rate, and part in ordinary stock or shares on which a much higher rate of interest or dividend is expected. This gives the community an overwhelming advantage over private enterprize, which has nothing to do with superior or inferior management, inefficiency, etc. In this matter the dice are loaded in favour of the community enterprize, and this is a circumstance the importance of which is recognized well enough by the big business interests (which explains their opposition to Nationalization), but is not sufficiently comprehended by the man in the street.

Competition by the State or municipality is the readiest way of bringing down the cost of living, for it usually compels competing private enterprizes to reduce their charges; and it makes them more amenable to the idea of selling out to the community at a reasonable figure. It is along this line that Labour will have to work to reduce the cost of living, altering the law so as to permit municipalities in particular to go in for trade and services of all kinds, as mentioned in Chapter XVII.

COMPENSATION BY CASH, BONDS, OR ANNUITIES?

It is presumably no longer necessary to answer the question "How can the money be found to buy out existing undertakings?" The actual cash has not to be found at all. The paid-up capital of the railway companies of the United Kingdom exceeds £1,000,000,000 and as the amount of gold and silver in circulation in the United Kingdom before the War was never in excess of £150,000,000, one might ask in return "How was the £1,000,000,000 odd of railway capital found?" The State can pay in its own loan stock or bonds, which would be readily saleable in the market, just as the

War Loan is to-day, and any recipient who did not wish to hold the stock could sell it for cash. It would not, like the continual issues of War Loans, mean inflation and higher prices, because for every £100 of Government loan stock issued, a corresponding amount of company capital or debt or private owners' claims on the community would be wiped out; in other words, whereas every £100 of War Loan issued represents a liability on the community to find interest without acquiring any corresponding revenue-producing asset, when the community issues loan stock in payment of a business or service, it acquires something which immediately produces revenue sufficient to meet the interest and sinking fund on the loan, and probably a good bit over, as the profits which sufficed to pay high and continually increasing dividends on that portion of the capital invested which existed in the shape of ordinary shares, will leave the community a good margin over and above the 5 per cent., or whatever the rate of interest is, that it has to pay on the loan stock.

Some reformers object to the payment of a capital sum, be it either in cash or bonds, for, they say, this means that the capitalist still takes his toll in perpetuity from the community. Without entering here into the question whether some persons, such as widows and others, are not entitled to receive their means of livelihood in this fashion under the present system, I would point out, first of all, that there is a tremendous difference between interest and dividends, and that when the community takes over an undertaking hitherto carried on by private enterprize, *it has taken away, in exchange for a fixed rate of interest, all the potentialities of future increased dividends;* but in reply to those who say that they would agree to compensation by means of annuities terminable after a certain number of years,

whereas they object to payment of a capital sum in bonds or otherwise, I would point out that, to the community, there need be no difference in the cost between the two methods; it depends solely upon the number of years the annuity has to run. By means of compound interest a small sum put aside each year out of an annuity will, at the end of a certain period, equal any capital sum desired. Several Indian railways were purchased by the Indian Government by means of annuities, but the annuity holders, by voluntarily agreeing to put aside each year a small amount of their interest, built up a fund whereby, at the end of a term of years, they receive back their capital. Suppose a man were given his choice of: (1) receiving £100 of 5 per cent. loan stock, paying him *five* pounds a year interest for 36 years, after which the £100 was to be repaid him; and (2) receiving an annuity of *six* pounds for 36 years, after which he was to receive nothing further; there would be absolutely no difference to him or to the person who had to make the payments between the cost of these two methods. If, out of his six pounds of annuity he invested each year the sum of one pound at 5 per cent. it would at the end of 36 years amount to £100 of capital.

As the community gradually acquires more and more industries and services, the field of investment for private capital will become more and more restricted, and capital will have to be content with an ever-decreasing rate of interest; true, wars, by diminishing the wealth of the world, slacken this tendency, but only temporarily; and it is in this narrowing of the field of investment at high profits that I forsee the ultimate solution of the problem of unearned income, thus facilitating the march onward of the community to complete Socialism.

CHAPTER IX.

THE PRESS AND NATIONALIZATION.

Anyone who attempts to go to the heart of things in the present state of society and of the country, soon finds himself brought face to face with the fact that the Press is unrepresentative and is used politically in the interests of the possessing classes. While dimly aware of the truth of this general statement, the average person has no idea of the manner in which his mind is poisoned against the working class as a whole; not merely by perversion and distortion of facts, although this is common enough, but by suppression. Many readers of these lines who are engaged in reform work will be only too painfully aware of the public meeting in which a speech of first-rate importance is given by a distinguished authority, a speech of which the reporters do not even trouble to take notes, for they are aware that their proprietors would not permit any publicity to be given to sentiments which they regard as subversive of the present social order. The platitudes of some pompous dignitary who speaks at the same meeting will be reported.

I have been to meetings addressed by distinguished reformers, in which the audience numbered thousands and for which the hall could have been filled three times over; yet, not a word in the papers next morning. In another hall near by there has been a small audience to listen to some mediocrity whose views were palatable to the governing class, and such remarks have been duly reported. Where a meeting or assembly has been so important that it simply could not be ignored—as, for example, in the case of the Labour Party Conference

—reports do, indeed, appear in the Press, but, in the majority of cases, they are manipulated so as to convey quite a false impression to the reader. Any ridiculous episode is magnified and related at length, whilst weighty subjects and arguments are either not referred to at all or are dismissed in a line. To some readers these remarks may appear bitter and biased, but I speak from actual experience, and if we are to deal with social problems we must face facts. One of these facts is that, generally speaking, the daily Press is used to give the public a false idea of almost every genuine movement directed towards changing or improving the present social system. The governing classes themselves suffer from this process, for having no other channels of information than the Press which they control, they gain a wholly false idea of the feeling of the country. From top to bottom the ruling classes are oblivious of the great currents of ideas which have been sweeping through the minds of the mass of the people, and are continually being pulled up in great surprise as they receive evidence of the strength of movements which they have regarded as quite unimportant. Herein lies the explanation of the extraordinarily inept handling of crisis after crisis as it arises, and even when the crisis becomes acute everything is done to keep the public from knowing what is occurring until, as happened in February, 1919, people go to the London tube stations one morning and are astounded to find them closed.

In the Spen Valley election in December, 1919, only one daily newspaper in the whole country supported the Labour candidate ; yet he got in with 11,962 votes, as against 10,244 polled by so strong a Liberal candidate as Sir John Simon, and 8,134 polled by the Coalition candidate. See also extract from *Common Sense* on page 144.

It was the same thing with the Coal Commission. At the outset, a grand industrial inquiry of this description being an entire novelty, the newspapers gave the earlier proceedings very full publicity. As the days passed, however, the same old tendency became perceptible for journals to suppress such parts of the evidence as were not to the taste of their proprietors.

The position is, of course, difficult. No paper can afford the space for a verbatim report of the proceedings of any assembly which lasts for several hours, therefore it must abbreviate almost everything, and leave out much ; but everything depends upon what is left out. If you give those questions and replies in which the side you favour comes out on top, and omit those in which the opposition scores, you may not have altered anything, but you have most successfully conveyed a wholly false, or, at any rate, one-sided impression, and the final impression that the ordinary person will have derived from the daily accounts of the Commission will depend entirely upon the paper or papers he is in the habit of reading.

In all these struggles, one is continually forced back to consider the part played by the Press. It is of no use mincing words ; the fact is that the greater part of the daily Press, being owned and controlled by persons whose interest it is that the present order of things should persist, does its utmost to poison the minds of its readers against the workers. It is possible that many of these people have become so accustomed to think that what their papers say *is* public opinion, that they really believe it ; and, when, during the railway strike of 1919, the compositors began to grow restless at the daily tissue of tendencious matter they were called upon to set up—" poisonous misrepresentation " as they termed it—newspaper proprietors virtuously

declared that they would not permit anyone to dictate to them the policy enunciated by their newspapers (the possessive pronoun should be noted) ; but they hastened to add that they were not opposed to, and had no intention of making attacks upon, the principles of trade unionism. It is noteworthy, also, that, after this passage of arms, most of the papers referred to adopted a more conciliatory tone in their comments. Anyone who mixes much with journalists will be aware of the fact that the majority, including those who write for the most reactionary papers, themselves hold views that would be characterized as advanced Radical or Socialist, by their employers ; but they are engaged professionally, and in that capacity have to write on the lines dictated by their employers.

By this time some readers are probably asking how it is that, if I am right in asserting that newspapers represent the opinions of a limited class only, they hold their ground, and are not swept out of existence by some newspapers which do represent the majority of decent people. The answer is that the modern newspaper—the English newspaper in particular—is a complex organism which only pays its way after a vast amount of money has been spent upon it, and could not endure without enormous subsidies from persons who utilize it as a means of forcing the public to buy their goods and also to assimilate the political and intellectual views *they* and their friends (the propertied class) wish disseminated. No newspaper lives on the penny or so per copy paid by its readers, which represents merely part of the cost of production and distribution. A paper like the *Daily Herald*, which is avowedly brought out to assist in putting an end to a system based upon the exploitation of the many for the benefit of the few, cannot hope to make both ends meet, for the simple

reason that, with a few exceptions, the ordinary big advertiser will not make use of it as a medium of publicity; and if a time ever came when daily newspapers, independent of the big interests, looked like establishing themselves, those same big business and political interests would very quickly subsidize still further the older organs so as to continue to influence the public in the manner they desired. It is not many months ago that the newspaper world was staggered at the price paid for a great London daily paper. Does any reader suppose that the enormous sum at which this paper changed hands, plus the considerable compensation paid to the retiring editor, was fixed upon a purely commercial basis, determined upon the profits? What determined the price paid was, of course, the value of the said organ as a means of gaining the support, in favour of certain political personages, of those hundreds of thousands of people who regularly took their news—and, alas, their views—from that paper. Such a traffic in "public opinion" should appal decent-minded people who little realize the extent to which it is carried on.

In dealing with the attitude of the Press towards the railway strike of 1919 one must, of course, be permitted to generalize. There are, naturally, some exceptions, and it must also be admitted that there is a growing tendency on the part of some newspapers to allocate one or two columns to the expression of views by leaders of the men, even if they do their utmost to counteract the effect by leading and other articles. Still, the fact that some space is given to the workers' point of view is of itself a considerable advance on the past, and is a tribute to the growing power of Labour. Unappalled at the vast forces of Capital and vested interests with which it has to contend, Labour is beginning to organize its own

Intelligence Department, and during the strike a band of workers, the names of some of whom would surprise the public, met regularly under the auspices of the Labour Research Department, kept in close contact with the railwaymen's headquarters, drafted the excellent advertisements which appeared in the Press stating the men's case, and arranged for the writing of articles and a whole publicity campaign. One great daily paper admitted, in a leading article, that it was in a great difficulty about accepting the first advertisement of the men's case, until it received the Government advertisement replying thereto. Yet this newspaper, and practically all newspapers, publish all sorts of statements in advertisements, as to the truth of which they have no qualms and make no inquiries; and I suppose most readers of these notes are aware that much of the society news and other items that appear as news in the papers are paid for by the would-be celebrities whose arrivals, departures and activities are thus gravely chronicled. The men's sympathizers circularized the London Clergy with a number of Press extracts; and one which, I have been told, horrified some of these gentlemen, was a quotation from *The Times* to the effect that "like the War with Germany, it must be fought to the finish." Anyone who has been in a newspaper office knows of the hundreds of letters for publication that are received each day, and that only 1 per cent. or less of such letters can appear. Only those, therefore, which are of great public interest, or coincide with the views of the proprietors, are inserted. It is interesting to note, therefore, that out of four letters which appeared in the *Daily Mail* on 1st October two read as follows:—

I.

"Make the capitalists pay!" has been the war-cry of the red-tie brigade for quite a long time. Now the question

is, who are the Capitalists? Surely they are the National Union of Railwaymen who in 1917 held assets valued at £982,834!

I advise all railway season ticket holders to combine and sue the Railway Union for compensation.

II.

The railway labourers at 53s. war wages have been "temporary gentlemen." Were the case so put to them they would surely see that war conditions cannot be expected to prevail in peace time.

The War was lucky for some people and unlucky for others. Let them take their bad luck, such as it is, like English sportsmen; or, at any rate, wait and see if the bad luck really does materialize, before acting on the supposition.

To me the serious thing about these two letters is not the low standard of intelligence displayed by their writers, but the assumption that the arguments they contain are those which appeal to the large public for which the *Daily Mail* caters. The statement that a trade union having assets equal to £2 (two pounds) *per head* of its members, is itself a capitalist, is equalled only by the argument that if one man gives up his life for his country while another makes a million out of the fact that he is a shipowner and that several of his vessels have been destroyed by the enemy, involving the loss of several human beings, but with the benefit of high insurance values, while yet another has to keep a wife and family on 53s. a week (in these days when a pair of girl's shoes cannot be obtained for less than 25s., and are rubbish at that!), the said workman is to take his "bad luck" like a sportsman!* Fortunately for the

* Human nature is strangely constituted, and it is only fair to add that the principal proprietor of the *Daily Mail*, which has aroused some of these bitter comments, is in his own relationship to the workers employed by him, one of the most enlightened and generous employers in the country; but that fact, satisfactory as it may be in itself, does not cancel the criticisms made above.

Nation the strike was settled on lines other than those advocated by the majority of the Press, and on this Mr. Lloyd George, no less than the men's leaders and the Nation itself, is sincerely to be felicitated.

Do some of the foregoing accusations against the Press appear exaggerated? Note, then, the following extract from *Common Sense* of 20th December, 1919, a paper which, be it remembered, supported the candidature of the Liberal, Sir John Simon :—

> Spen Valley polls to-day. Here there is a three-cornered contest which has excited interest all over the country owing to the action of the Coalition Whips in denying the right of the Liberal Association to select a candidate who is not pledged to support the Government. The impression, however, is that Colonel Fairfax, the Government nominee, will be at the foot of the poll. Nobody cares to predict whether Sir John Simon or Mr. Myers, the I.L.P. candidate will be the winner. The policy of the Liberal and Conservative newspapers in suppressing Mr. Tom Myers's speeches is both immoral and inconvenient, besides being very bad journalism, as everyone wants to know what is the practical policy of an avowed Socialist.

Perhaps the most striking evidence of the unfairness of the Press in connexion with Nationalization or State-owned undertakings, is to be found in Mr. Lloyd George's speech in the House of Commons on 18th August, 1919, when, ironically enough, he declared the policy of the Government as being against Nationalization of the coal-mines. The following report of his speech is taken from *The Times* of 19th August, 1919 :—

> You do not get economy by abusing Government departments and Government officials, and by abusing those volunteers who have given their time to Government work. And I am bound to say this: they have all done well. There has been a great attack upon them as if they had been extravagant, especially the business men, without whose assistance the War could not have been won.

I will give one or two illustrations because I think this is vital. My experience was in the Ministry of Munitions. What was the first step they took? To reduce the cost of manufacture. Shells, machine-guns, guns, rifles. The 18-pounder when the Ministry was started cost 22s. 6d. a shell. A system of costing and investigation was introduced and National Factories were set up which checked the price, and a shell for which the War Office at the time the Ministry was formed paid 22s. 6d., was reduced to 12s., and when you had 85,000,000 shells that saved £35,000,000. There was a reduction in the prices of all other shells, and there was a reduction in the Lewis guns. When we took them in hand they cost £165, and we reduced them to £35 each. There was a saving of a good many millions there, and through the costing system and the checking of the National Factories we set up, before the end of the War there was a saving of £440,000,000. (An hon. Member—"Nationalization!") That is a point my hon. friend is quite entitled to make, and I will give him another point. When the National Projectile Factories were afterwards set up we affected a further reduction of 10 per cent. Take the Ministry of Shipping. By its organization, by its reduction of rates the Controller of Shipping saved hundreds of millions to this country. I am asking when you have to spend between £8,000,000,000 and £10,000,000,000 of this country's money, when you improvise great organizations, find your men where you can, find thousands and more of absolutely new men to work out these schemes, of course there will be extravagance, of course there may be errors of judgment. Is there any business in this country which is run without mistakes and errors of judgment? But whatever is said except about these little mistakes? I have seen the report of Parliamentary Committees. They are about comparatively small sums—I mean comparative to the gigantic expenditure. Those are advertised; those are flaunted. Leading articles are written about them. Never a word about these hundreds of millions that have been saved by these men! Is it fair, is it generous, is it wise? Is it wise when attacks are made upon systems of government to seek by advertising these faults, by deliberately ignoring the achievements—deliberately suppressing them—is it wise to do so at the moment when all government is being challenged, when an effort is made to discredit

systems and institutions in every country? If you get the democracy to believe that you get nothing but mistakes, nothing but errors, nothing but what they call scandal, and that there is no efficiency anywhere, how long do you think any system or institution can possibly continue in this country? It is not fair, it is not wise, it is not right. There is no generosity in spearing supermen who saved hundreds of millions to this country at moments of emergency and gave their time and energy to the service of the State when they were most needed. I feel bound to say that. (Cheers.)

CHAPTER X.

SOME COMMON OBJECTIONS TO NATIONALIZATION.

There is no subject on which the mass of people of all classes, from an ordinary labourer right down to a peer of the realm, are more ignorant than that of economics, and yet there is no subject a knowledge of which is of greater importance to the public. The ordinary collection of arguments against Nationalization is based upon a mixture of ignorance, prejudice and confusion of thought; the average man, devoid of any training in economics, is unable to think out things for himself and is therefore at the mercy of tendencious articles which appear in a Press almost wholly owned and controlled by persons whose interest it is that the present system of society should continue. The instigators of these articles *apply one test to a concern if it is run by the community, and quite another if it is worked for private profit.* The railways increase passenger rates 50 per cent., but leave goods rates unchanged; after four-and-a-half years of war when a deficit occurs on the working of the railways, the Press holds the fact as a proof of the inefficiency of the railways directly the Government takes over their working. During the same period shipping fares and freights have risen more perhaps than anything else, unless it be the profits, dividends, and bonuses of shipping companies According to a table, published by the Liverpool Steamship Owners' Association, the average freight on wheat from New York for the 12

months ending 31st July, 1914, was 17.57d. per quarter, and for the 12 months ending 31st July, 1918, 156.0d. per quarter; during the same period the average freight rates on cotton from the United States to Liverpool rose from 0.20d. per lb. to 3.12d. per lb. Now, the increased cost of labour, coal, and other materials has fallen just as heavily upon the railways as the steamship companies; but because the former left the goods rates unchanged (which, allowing for the present purchasing power of money, is equivalent to a big reduction in cost) and raised passenger fares only 50 per cent. and then shows a loss of working of, let us put it at the outside extreme of, say, £50,000,000, it is held up as a monument of inefficiency, whereas not a word is said against the great shipping companies, which, during that same period have made many hundreds of millions in additional profits. "Oh," says the simpleton, re-echoing the words of the gentleman who pulls the wires through the columns of the "Daily Distorter" "this is a proof that when the State takes over the railways it makes a loss, whereas the privately-owned shipping companies, under their more efficient management, work at a profit." Precisely! But who pays for both? The community. And which is better for the mass of the community?—to have to find £50,000,000 out of the taxes, spread over the whole community, to meet the deficiency; or to have to pay, say, £500,000,000 to swell the profits of a certain number of persons?

The *Birmingham Post*, in its leading article of 31st December, 1919, puts the position quite correctly as follows:—

> Railway rates provide a striking case in which prices have remained at the pre-war level. Practically every other marketable commodity, whether in the form of goods or service, has doubled or trebled in price; but railway transport has remained unchanged, and has been conducted

on a basis which would long since have driven the railway companies into bankruptcy had not their losses been made good by the State. Railway stockholders have not suffered because, by the terms of the agreement under which the railways were taken over on the outbreak of war, the companies were guaranteed the equivalent of their net earnings in 1913; and though in the past five years wages, materials and general administrative expenses have vastly increased in the railway industry, as in every other, the only direct additional charge the public have been called upon to bear is the increase of 50 per cent. in passenger fares. Railway users, therefore, have been getting something for nothing. In the current year the extent of that gift—in other words, the balance between railway revenue and expenditure—is estimated at between 45 and 50 millions sterling. There was, of course, bound to be an end to this most objectionable form of subsidy. Whatever the future may hold in store for the railways—whether they return to private ownership and administration, or are brought permanently under some form of State control—it is essential, as a preliminary to any technical reorganization of the industry, that it should be placed upon an economic basis and made self-supporting. This is the object of the freight rates revision.

I suppose that most nationalizers agree that as far as possible the railway service should be carried on on a self-supporting basis, although they attach much more importance to the manner in which the railways contribute to the National welfare than to the actual figures of the profit and loss account; but this is a thing which the ordinary objector steadfastly refuses to see; perhaps he cannot.

The position with regard to the inefficiency of services run by the State, as compared with the efficiency of undertakings owned and controlled by individuals or companies, as it presents itself to a common type of mind, is well illustrated by the following letter, which appeared in the *Daily Herald*, of 25th October, 1919:—

The Labour Party is at present "'agin the Government," and it is, in a sense, hard to blame them when we consider

what they have suffered from the apathy and ineptitude of Government Departments run on antiquated lines by fossilized Permanent Officials.

But what surprises me so much is that the Labour Party is apparently working hard to secure on an enormous scale the very evil it now so bitterly complains of on a small scale. Let me make my meaning quite plain.

According to my present lights Nationalization means handing over to the State—i.e., to the Government—the Mines, Railways, Lands, Businesses, and Trades, at present run, owned, or controlled by individuals or companies. It seems obvious that this can only be effected by the employment of fresh crowds of permanent officials, all of whom will have to be paid salaries out of our pockets.

I am very fond of the working man and should like to feel sure that in the effort to grasp what appears to him to be a grand prize he does not lose what he already has, and find himself stuck fast in the quicksands of political chicanery. Under the Government control we shall none of us be free agents. As Government-controlled units we shall have no power of exercising those grand adventurous instincts we have inherited from our forefathers, whether as explorers, inventors, or manufacturers; the incentive to exert our best faculties will be dulled since we shall not be permitted to remain in possession of what we earned by increased energy and industry.

One idea, I am told, is that no man's income is to exceed a certain limit, i.e., the Government will see to it that Mr. X is not to have more than Mr. Y. or Mr. Z, though he may have worked ten times as hard, and be ten times as clever as either of them. If it is found that Mr. M. has put by a little "nest egg" for a rainy day, or for his family after he has gone, the Government will have to treat him like an applicant for a food-card and apportion his assets in accordance with the Governmental scale; he will be informed that *only the State can possess and, therefore, apportion the property of the people.*

If the above rather rugged interpretation of the word is incorrect will some of your readers help me to a better understanding of what Nationalization really does mean?

If, on the other hand, I am even approximately correct I cannot conceive anything more dangerous to the vitality of the country. Having recently met several of the more

> prominent of the Labour Leaders, and having been personally attracted by their reasonable attitude and apparent sincerity, I find it extremely hard to associate them with dangerous organizations or inflammatory propaganda—still less can I conceive that such men would willingly hand us—and themselves—over to the tender mercies of an inflated and tyrannical bureaucracy.

This letter is a perfect example of the mixture of ignorance, prejudice, and muddled thinking referred to at the beginning of this chapter; it is so typical that it is worth taking seriously. The writer starts off on fairly safe ground by running down Government departments and permanent officials. Many of these, as a matter of fact, have deserved very well of their country and have performed their duties, which, as shown in Chapter III., which deals with the question of bureaucracy, go far beyond the conception of service that enters the head of the ordinary business man; but the fact remains that, even after allowing for the circumstance that a Government department, as such, is a target for criticism on every side,* whereas companies and private undertakings (large advertisers by the way) are not subjected to the searchlight of public criticism, many of those in control of our Government departments do not shine. The reason is that they are for the greater part recruited from the limited class which governs the country; this class, as a whole (there are, of course, exceptions) is ignorant of the conditions under which the mass of the people of the country live; it is absolutely out of sympathy with them *and it has no desire that State or community-owned undertakings should compete successfully with the privately owned undertakings which they and members of their class own, control and live by.* As has already been

* See Mr. Lloyd George's true remarks on this point on page 144.

pointed out on page 37 we find put at the head of the Post Office, the greatest State-owned undertaking in the British Empire, a gentleman who, later on, when elevated to the Peerage, announces to the Coal Commission that he is completely opposed to the State owning and working anything. State management does not mean, as these gentlemen haughtily seem to think is necessarily the case, that it shall be carried on only by members of a class opposed to it ; with the increasing strength of Labour throughout the country, with the increasing recognition on the part of the middle class that its only hope lies in an alliance with Labour and the accomplishment of the aims of that party, a more democratic and more efficient turn will be given to Government management.

But let us suppose for a moment that the writer of the letter is absolutely correct in his statement that if some of the great services or industries were to be carried on by the State this " could only be effected by the employment of fresh crowds of permanent officials, all of whom will have to be paid salaries out of our pockets." In the first place, what does the writer mean by " fresh crowds of permanent officials ?" Suppose the coal-mines really do become nationalized. Does he mean that there will have to be more miners employed because they have become the property of the State ? Or does he mean that the million or so of workers now employed in and on mines, being then in the employ of the State, thereby become a " fresh crowd " of officials ? Of course, if the hours of labour are reduced, it may mean the employment of more men (although under State management this may be achieved by better machinery and more efficient methods of production) but this is not peculiar to State management, and in different countries the coal-miners seem

to be obtaining reduced hours, even while they are employed under private enterprize. Does he perhaps mean that with State administration there will be a larger clerical staff? Does he ignore the fact that at the present time there are 1,500 companies and different undertakings working each in its own wasteful manner, each company with its own Board of Directors, Secretary, solicitors, and so on, each working in its own petty little way without any co-ordination and economy of clerical labour that only a central and unified organization can secure? Does he mean that all the existing managers would be dismissed and that three, four or twelve times that number of new managers would be appointed? What does he mean beyond vague generalizations, unsubstantiated by facts? But, even so, let us suppose that the writer of the letter is absolutely correct; and that the present company officials, instead of becoming State officials, more evenly and scientifically distributed, are hurled out of existence and are replaced by 10 times their number of new officials. Let us suppose that with all this horde of fresh officials, the coal-mines were worked just as inefficiently as they have been under private enterprize and that out of the profits they used to produce for the private owners, some £5,000,000 were wasted on 5,000 additional officials, each in receipt of £1,000 per annum; this would mean that 5,000 quite estimable, if futile, persons, would be in receipt of a good salary, which would enable them to bring up decently and under good conditions 5,000 families. The dividends paid to the shareholders would be reduced by precisely the sum of £5,000,000 and a certain number of shareholders, equally futile, and some of them equally estimable, would go short of that sum. It would involve merely a transference of £5,000,000 of spending power from one set of people

to another, and as the shareholding class contains some very wealthy people (a few coal-magnates, it must be remembered, hold a very large proportion of the coal-mines) it would mean in several cases that a man has so many thousands a year less to spend on racehorses, country mansions, diamonds and other luxuries, and that "a crowd of permanent officials" had the spending of that money.* Of course, it is just possible that this crowd of officials might do some useful work; they might, for instance, compile those statistics without which no modern industry can be scientifically conducted; and they might be able to do this without any addition to their present numbers. Be this as it may, however, it is well to point out that whether it be fat dividends (increased by bonus shares and the like) paid to the rich coal-magnates and their fellow shareholders, or whether it be spent in the shape of salaries to permanent officials, these £5,000,000 do, as the writer of the letter says, have to come out of our pockets. I presume that by "our" he means the public which, by hand or brain, produces all the wealth that is consumed by the 46,000,000 of people who inhabit this country, including those who work and those who do not.

Our opponent of Nationalization is not, however, to be left at this stage. The fact that he so vigorously attacks this suggested change to the present system shows that he considers the present system to be superior to what it would be under Nationalization, because we are now "free agents" and have the "power of exercising those grand adventurous instincts we have

* The mine-owners would, as a matter of fact, be bought out and paid in Government Loan Stock bearing a fixed rate of interest which would bring in less than the dividends they had received and hoped to receive.

inherited from our forefathers." Let us glance at the results of the present system which he is so anxious should not be replaced by Nationalization, than which he cannot conceive anything more dangerous to the vitality of the country. Let us glance for a moment (at the risk of repetition) at the present vitality of the country which he is so afraid we might lose. In the monthly circular issued by Barclays Bank Ltd., for September, 1919 (just before the Railway Strike), reference was made to the statement of Mr. Vanderlip, president of the greatest banking institution of the United States, the National City Bank of New York, that Britain had in the past maintained her trade by levying on her manhood "a wage scale that averaged lower than the point at which the physical efficiency of labour could be maintained," and the circular continued:

> We have to admit that very large numbers of our population have worked hard and for long hours, and yet lived under conditions which were a disgrace to a great nation—this while we were annually investing £200,000,000 of so-called "Surplus Profits" abroad. We have also to admit that, at a time when our country was the greatest and wealthiest in the world, conditions of abject poverty obtained to a greater extent than in many small and comparatively poor countries. This position has to be adjusted, for we cannot logically emphasize to the mass of the population their duty to their country when there are sacrifices to be made, and forget its obligations to them when there are benefits to be shared.

These serious statements are reinforced by that of Mr. Lloyd George, as Prime Minister, that from the point of view of physical efficiency of the masses, we were a "C3 Nation." One of the best indexes of the poverty in which the mass of our population, including all the sober and thrifty workers, live, is that afforded by the death duty statistics. Sir Leo Chiozza Money has repeatedly shown how, year after year, out of about

£300,000,000 left by the 760,000 people who die annually in the United Kingdom, about £200,000,000 is left by only 4,000 (four thousand) persons.

In the face of facts like the foregoing, vouched for by such authorities as one of the greatest American banking magnates, who has done a great deal to help the United Kingdom financially, our Prime Minister, and one of our own greatest banking institutions, reinforced by the statistics of death duties, compiled by one of our "greatest of permanent officials," it passes comprehension how a sincere, intelligent man, like the writer of the letter above quoted, can write that with the change in our social system that nationalizers suggest, the incentive to exert our best faculties will be dulled, since "we shall not be permitted to remain in possession of what we earn by increased energy and industry."

As it happens, if the writer of the letter which has evoked this indignant chapter looked through the pages of the very issue of the newspaper in which it appeared, he would have found the following items:—

(1) 950,000 people over the age of 70 were suffering a living death of starvation, they as old-age pensioners receiving the munificent sum of 7s. 6d. a week. Think of it! *Seven shillings and sixpence per week.* The price of a few cigars! True, as a result of violent and continued agitation on the part of trade and Labour organizations, a Departmental Committee had at that date been engaged for six months investigating the question. [For the result, and Mr. Austen Chamberlain's comment thereon, see page 43.]

(2) Details were given of wages in the brush-making trade, and it was shown that for assembling and

threading the bristles of tooth brushes, women were paid 6½d. per dozen brushes, whereby a quick worker could in six hours earn 3s. 3d.!

(3) The workers in one of the luxury trades peculiar to the rich, exercising "those grand adventurous instincts we have inherited from our forefathers"—I refer to racing—were on strike for a minimum wage of 50s. for a 52-hour week. These were the Epsom stable lads. Some of these "lads" were as old as 50 years and were expected to bring up their children and keep up appearances on 42s. a week. In some cases it was stated their wages were as low as 30s. per week. This, in these times, and in the "sport of kings." Our governing class does not even pay its own special retainers the wage adequate to keep up life, until it is forced to do so, whether they be attendants on race-horses or policemen.

(4) Three partners in a London firm of saddlers and harness-makers were sent to gaol for stating their profits to the Inland Revenue as £16,911, whereas the correct figure was £28,483, whereby the State would have lost £9,000 of taxes.

[This I presume is not covered by the sentence in the letter that "under Nationalization we shall not be permitted to remain in possession of what we earn by increased energy and industry."]

(5) The Ministry of Food, after numerous representations by the National factory workers of the Woolwich Towns Committee, had ordered over 2,000 milk churns to be manufactured in Woolwich Arsenal and the manufacture there of railway wagons, for want of which trade and industry—coal, in particular—are being held up, but a Member of Parliament had immediately given

notice to ask the Parliamentary Secretary to the Ministry of Munitions, whether the Government policy, as announced on 5th March, 1919, with regard to the use of National factories, has been altered ; and whether it is now proposed to use National factories for the manufacture of railway wagons in competition with private traders.

[Trade and industry are being held back by lack of raw material, caused in a large measure by the insufficiency of railway wagons—coal is a notable example, pits having frequently to cease work owing to the shortage of wagons. Yet, directly one of the Government departments, so loudly condemned by our critic, proposes to remedy this shortage—and incidentally, keep in employment, instead of dismissing, thousands of workers from the National factories—that private enterprize which we are called upon so loudly to admire raises a cry of alarm and wishes the community to wait until it can, in its good time, meet the demand.]

(6) Lord Haldane, speaking at the Eighty Club dinner, said : " Recently the Labour Party has obtained many recruits because of its idealism."

[In this last remark Lord Haldane supplies what is apparently missing in the writer of the letter in the *Daily Herald*. Those, who like this gentleman, are prepared so vigorously to attack the concrete proposals put forward for the creation of a better state of society had better realize that it is up to them to defend the existing state of society and not to turn out sweet phrases implying that this is a world in which we are free agents " able to exercise all our grand adventurous instincts " and with " every incentive to exert our best faculties " and similar nonsense.]

MR. ASQUITH'S OBJECTIONS.

In Mr. Asquith's election address at Paisley he said that nationalization would "enthrone the rule of bureaucracy, tend to stereotype processes, paralyse individual initiative and enterprize, reduce output, and sooner or later it would impoverish the community." *Impoverish which community?* In the same newspaper* from which I copy the foregoing, I read :—

> It is common knowledge that one family .n every eight in England have only one room as their home—one room in which the whole family has to live, sleep, eat, cook, wash, pray, suffer illness, face death, or endure the pangs and inconveniences surrounding birth.

In the face of things like this it is easy to understand how the smug complacency of the old school of politicians, with their ponderous phrases, is bringing the industrial masses to a state of mind that is dangerous; and it is also easy to see how a great, rich, and powerful party like the Liberal Party has been brought to the verge of destruction.

WOULD NATIONALIZATION PUT PEOPLE OUT OF WORK?

It sometimes occurs that a man realizes the enormous economies that can be effected by Nationalization, with its centralization and administration, and the doing away of hundreds or thousands of duplicate and overlapping units of varying sizes, but this very fact may cause him to ask whether the doing away with all this duplication, wasteful as it is, may not result in a number of his fellows being put out of work.

The first answer to this point is that the gradual elimination of waste by centralization and the formation of larger units of industry is taking place all the time

* *The Observer*, 1st February, 1920

by means of amalgamations and the formation of huge combines and trusts. To take quite a recent example, look at the following extract from the *Daily News*, of 29th December, 1919:—

> ECONOMY IN SHALE OIL FIELD.
>
> Nearly 200 workmen were on Saturday paid off in the Uphall oil works belonging to Young's Oil Company, Ltd., one of the concerns now amalgamated under the name of Scottish Oils, Ltd.
>
> This is the result of the policy of centralization that is being pushed forward by the new management. Economies are being carried out all over the shale field, and many workers will be displaced, whether temporarily or permanently remains to be seen.

A second aspect of the matter requires a little more elucidation. If, in a given industry, owing to overlapping and all the duplication and waste that is inseparable from a great amount of private enterprize where each fights for his own hand, there are 10,000 people too many employed, that is to say, 10,000 who, under a proper reorganization as would be effected under Nationalization, would not be required—*the community would be no worse off in money if it pensioned off the whole of the* 10,000 *and paid them for doing nothing, exactly the same wages they had been receiving;* for all the time, the consumer, that is to say, the community, has been paying their wages in the price it has been paying for the commodity. Of course, under Nationalization, you would not pension off these people, but you would utilize the big saving thus brought about: (1) to reduce the hours of all the workers in the industry; (2) to improve wages, holidays, etc.; and (3) to reduce the cost of the article, commodity or service. In other words, you would utilize the sum saved by the elimination of waste to benefit all the parties concerned. Under private enterprize, the whole, or practically the

whole, saving effected by any such centralization or elimination of waste would go in the shape of increased dividends or bonuses to the shareholders. That is the difference between the State or municipality and the trust. Both may be equally efficient—in some respects the trust may even be more efficient than the State, but of what use is that to the community?

To make absolutely sure, however, that Nationalization shall not result in unemployment, its advocates always add to their schemes or bills such a clause as will be found on page 280 at the end of the Railway Nationalization Society's Bill, providing that all persons at present in the industry shall retain their positions and that any person whose services are dispensed with by reason of Nationalization, shall receive compensation for loss of employment.

CHAPTER XI.

WHAT ABOUT THE TELEPHONES?

The stick that is most commonly used by opponents of Nationalization with which to belabour Government ownership, is the telephone service, and one or two newspapers have excelled themselves in bringing abuse to bear upon the telephone service in the United Kingdom. No one—certainly not I—would state that our telephone system was ideal, but to attack it when for five years there has been a famine in materials and a serious shortage of labour, involving the suspension of the enormous extensions that were in progress consequent upon the dilapidated state in which the National Telephone Company had allowed the system to fall; and when, furthermore, the staff of operators and workmen was seriously depleted by the War, is hardly fair, to put it mildly. As is shown further on in this chapter, under the administration of the National Telephone Company, the system was a byword. Since then the use of the telephone has increased enormously, and with the necessary holding up of extensions and improvements referred to, it was inevitable that there should be serious deficiencies in the service.

ADVISORY COMMITTEES.

One thing that is not generally known is that the nationalized telephone system some years ago gave users a means of ventilating complaints and looking into the working of the system, by the appointment in

large cities of Telephone and Telegraph Advisory Committees on which the local Chamber of Commerce is always largely represented. If one wishes to realize the enormous difference between a Government-owned public service and one in the hands of private enterprize, one has only to picture the feelings of the railway companies, the coal-owners, or the milk trade, if it were seriously suggested that they should set up Advisory Committees of consumers to investigate the conditions of the respective industries, prices, etc.! The following extract from the *Chamber of Commerce Journal*, for November, 1919, contains a letter from the Secretary of the Post Office of such importance that it is worth printing in full :—

LONDON TELEPHONE SERVICE.

The London Telephone and Telegraph Advisory Committee, of which Sir Charles J. Owens is chairman, met on 29th September at the London Chamber of Commerce, to consider an important communication from the Postmaster-General in reply to representations made by the Committee for some time past. Immediately after the Armistice, the Committee called the attention of the authorities to the necessity for reverting to pre-war conditions without delay and improving the telephone service, both in the Metropolis and in connexion with the trunk system. They also forwarded particulars of complaints received by the Chamber, most of which will be familiar to all users of the telephone, and pressed for assurances that every effort would be made to meet the demands of the business community. From the letter received from the Postmaster-General, and which the Committee decided to communicate to the Press for the information of the public, it will be seen that the authorities are alive to the necessities of the case, and the Committee, in view of its semi-official position, will continue its representations to the Postmaster-General on behalf of the business community. The Committee, which was constituted before the War, includes representatives appointed by the London Chamber of Commerce, the City Corporation, the London

County Council, the Home and Foreign Produce Exchange, and other bodies. Similar Committees exist in other leading centres. The text of the letter is as follows :—

GENERAL POST OFFICE, LONDON,
25th September, 1919.

" Sir,—With reference to your letter of 23rd June and to his reply of 30th June, I am directed by the Postmaster-General to say that the complaints by members of the London Chamber of Commerce to which you called his attention may be summarized under two headings :—

" (i) Delay in obtaining communication, premature termination of calls, wrong number connexions, and other circumstances which are commonly attributive to inefficiency or inattention of the operating staff.

" (ii) Inability to obtain new exchange lines which are required for the development of business.

" As regards the first class of complaints, the defects of the exchange service in London have not in general been due to circumstances for which individual operators can be held responsible, but to the after-effects of the War upon the numbers and experience of the operating staff, combined with a large increase in the daily number of calls since the beginning of the present year.

" Owing to the exceptional demand during the War for women for war work of all kinds, and owing to the superior attractiveness of certain classes of work, which appealed more directly to patriotic sentiment, the telephone service has been subject to a constant drain, with the result that the average experience of the operating staff has steadily declined. At the beginning of 1915 only 4 per cent. of the telephonists in London had less than six months' experience. Recently the average proportion has been about 25 per cent., and in certain exchanges even higher. At the same time over 1,000 trained operators have had to be withdrawn from the public exchanges to serve naval, military and other Government establishments and for military exchanges in France, and the number still employed on these duties is considerable.

" In normal times exchanges are staffed during the ' busy hours ' of the day almost entirely by the most expert operators who can operate a full load of calls quickly and accurately, but these duties have recently had to be assigned to operators of comparatively short experience, and the quality of the

service has inevitably suffered. An operator requires not only a special course of instruction before beginning exchange work, but also about six months of actual work before becoming moderately efficient with a light load, and she does not, as a rule, reach her maximum efficiency with less than two years' experience. Every operator can handle satisfactorily a number of calls corresponding with her experience, but even a moderate increase in this load produces a rapid deterioration in the service. The same staff may, therefore, at one time give a satisfactory service and at another may appear inefficient without a very striking increase in the demands made upon them. During the War period the want of experience was counterbalanced by a reduction in the number of calls, but since the cessation of hostilities the work of the exchanges has increased very rapidly. The daily number of calls in London has risen from less than a million at the time of the Armistice to about a million and a quarter, and the difficulties brought about by the War have thus become more apparent to the public since its termination.

"It has recently been represented in the Press that the shortage of operators is due to inadequate wages. Large increases have been granted during the War and a telephonist in London who at 18 years of age was formerly paid 16s. a week, rising to a maximum of 28s. a week, now receives (inclusive of war bonus) 37s. 10d. a week, rising to a maximum of 52s. 2d.

"It has also been said that with greater care more suitable candidates might have been selected. Every effort was made to obtain a sufficient supply of recruits without unduly lowering the standard and the care taken in sifting candidates is indicated by the fact that in London during the year ended June 30th last, out of over 28,000 applicants for employment only about 2,600 satisfied the tests and could be accepted for employment.

"It is significant that similar difficulties have been experienced in the United States, as is shown by the following extracts from the report of the American Telephone and Telegraph Company, which controls about three quarters of the telephones in the United States:—

"'EMPLOYERS AND SERVICE.

"'This has been from every standpoint the most strenuous and difficult year in the whole history of the telephone.

It has been impossible to maintain standards, and difficult to meet the increasing demands of service. In the annual report of last year the increase in activities and its effect on business is referred to. The increase was greatly augmented at all centres where war industries and activities concentrated. As in all other countries there has been difficulty in maintaining a full complement of employees. In addition to the calls of the regular service, the Government made special calls for special service upon our highly trained and expert employees. The great increase in the openings for women in all kinds of work, although from its very nature temporary, together with greatly increased compensation far above that which the telephone revenue would warrant, attracted many of our operators and made serious inroads on our operating force. While this standard of service has been in many places maintained, there has been an unpreventable letting down in many centres of acute activity due not only to the absolute impossibility of getting a trained force, but also to the overstrain of the existing force.'

" In the United States the war period extended over less than two years as compared with more than four years in this country. But it is clear that the telephone companies of New York and other large cities in America had the same difficulties in making good an abnormal wastage of staff and in training new operators, with the result that the service has deteriorated in a marked degree.

" The Postmaster-General has thought it desirable to deal fully in this letter with the staff difficulties because it is not easy for subscribers to realize either their magnitude or the length of time required for new operators to complete an adequate training and to acquire sufficient experience. Measures have been taken to secure and train additional operators and to give special training to the less-experienced operators now in the service. These measures have already resulted in an appreciable improvement, which the Postmaster-General has every reason to believe will continue and ncrease as time goes on.

" Delays in Providing New Lines.

" The difficulty of providing new lines in certain parts of London is due either to the exhaustion of the spare underground wires required to connect the subscriber's installation

with the exchange or to the exhaustion of spare equipment and accommodation in the exchange itself. To keep pace with new orders, spare underground wires must be provided in large numbers in advance of actual requirements, both for reasons of economy and to avoid the constant excavation of streets. New exchanges with their switchboard equipment must be put in hand in time to be completed when the exchanges which they relieve are full. When the National Telephone Company's system was transferred to the Post Office in 1912, spare plant for future requirements was practically exhausted owing to the reluctance of the company to expend capital during the later years of its existence. The arrears of development were taken in hand by the Post Office and between 1912 and 1915 an average of £1,350,000 per annum was spent upon extensions to the exchange system, exclusive of trunks. At the outbreak of war numerous schemes for new underground cables and new exchanges were in various stages of progress and but for the war would have long since been completed. But from the summer of 1915 onwards it became necessary to postpone all important construction works which were not required for military or other Government purposes, with the result that the average expenditure in the four years ending 31st March, 1919, fell to £280,000 per annum, or more than a million per annum below the average of the three preceding years. It was obvious that, in districts where the spare plant was approaching exhaustion and the demand for new telephones continued, the cessation of construction during the war would produce a shortage on its termination. But this could only have been averted by the exemption of a large number of workmen from military service and by the diversion of capital, labour and material from war purposes to provide for post-war telephone requirements.

"As soon as the Armistice was signed, arrangements were made to push on with the suspended schemes as rapidly as the abnormal conditions allowed and to proceed with the plans for further extensions which are now needed. Over £2,000,000 will be expended on the development of the exchange system in the United Kingdom during the current financial year; but the erection of buildings and the manufacture of the complicated apparatus required for telephone exchanges is at best a long process and owing to the difficulties

of obtaining labour, transport and material the time required by contractors for deliveries is unusually prolonged.

"In the city where the shortage of plant is most acute, a new building to relieve the London Wall Exchange, which was suspended during the War, is now approaching completion and the first part of the equipment, providing for 1,700 subscribers should be available for use in December. An extension of the Avenue Exchange is in hand and the contractors expect to complete the work by May next. Sites have been acquired for three new exchanges to serve the Bishopsgate district, the neighbourhood of Mincing Lane and Mark Lane, and for a new and enlarged Holborn Exchange The plans for the buildings and equipment of these exchanges are being completed rapidly and contracts will be placed as soon as possible. The provision of new exchanges and the extension of certain additional exchanges in the West End and in the suburbs is also being pushed on. In the meantime service can be given to some subscribers in areas where the exchanges are full of temporary connexion with other exchanges, but the amount of relief which can be provided in this way is extremely limited.

"In those parts of the London area where exchange and underground plant is available, considerable progress has already been made in joining up new subscribers. Between the Armistice and the end of August approximately 14,000 new lines had been connected exclusive of those required for Government Departments. As the demobilisation of the Post Office engineering staff proceeds, this number has been steadily increasing and it is now possible to connect over 2,000 new subscribers per month in London.

"During the war the extension of the trunk system has for similar reasons been drastically restricted, and new lines have only been provided when required for Government purposes. Schemes which had been suspended are now being pressed forward and the Postmaster-General hopes that during the current year it will be possible to spend approximately £1,000,000 on extensions.

"New long distance underground telephone cables, providing in the aggregate over 450 circuits between London and (1) Manchester, (2) Bristol, and (3) Southampton have been authorized; contracts have been placed and a commencement made. These cables will not only provide additional channels of communication between London and the terminal

points, but will also enable an improved service to be given to and from many large towns on or near routes of the cables.

"In conclusion the Postmaster-General desires to say that he will be glad to avail himself of the co-operation of your Committee and to keep them informed of the progress of the service, in order that the information may be available both to members of the London Chamber of Commerce and to other bodies interested in the subject. Subscribers are acutely impressed by their experience of the defects of the service, but they are necessarily unaware of the difficulties due to the suspension of all schemes for construction and of the measures that are now being taken to make good the arrears, and he thinks it desirable that this aspect of the question should be made known as widely as possible.

"I am, Sir,

"Your obedient servant,

"G. E. P. MURRAY."

THE SORT OF "ARGUMENT" USED BY OPPONENTS.

As a matter of fact the telephone system never will be satisfactory until some method is discovered whereby a busy man can answer and speak simultaneously to three impatient persons who are ringing him up at the same time.

The following is the sort of argument that is used against the national telephone system :—

> If coal were a State monopoly the Coal Office would probably bring an action against oil for infringement and impose a ten per cent. royalty on the wells.
>
> *Evening News*, London, 27th September, 1919.

The audacity of this argument will be appreciated by those readers who recollect that only a few months before it was printed the Government had actually brought in a bill to confer upon private owners a royalty for any oil pumped out of their lands; this was too much for even the present House of Commons, and the bill was withdrawn, but it is delightful to compare this

actual attempt to make a gift of a royalty to private owners for something which they had done nothing to create, and the existence of which they had not suspected, with the hypothetical case put forward by the *Evening News*.

AN IDEAL STATE-OWNED SYSTEM.

The *Evening News* in its campaign against State telephones pointed to the splendid system Sweden enjoyed:—

> In Stockholm, where the telephone has been brought to a high pitch of perfection, blocks of workmen's tenements are as often supplied with a call-box as similar buildings in this country are supplied with a gas meter. The Service in Sweden in towns with under a quarter of a million inhabitants used to cost £2. 10s. (message rate) and only £4. 10s. (unlimited).
>
> *Evening News*, 24th September, 1919.

The "Evening News" omitted to add that the Swedish telephone system is, for the greater part, State-owned!

The one European country which beyond all doubt has the most highly developed telephone system is Sweden. The system there is remarkably efficient, charges are low, and in proportion to its population, the country has more telephones than any other in the world, with the possible exception of Denmark.

From a technical point of view the Swedish State telephone system is universally considered to be one of the finest in the world, and many technical improvements that have since been adopted in telephone practice throughout the world have originated in that country. For example, the method of laying telephone cables underground in cement tubes, which has since spread to practically every other country, was first proposed and introduced by Mr. C. A. Hultman, Director of the Swedish State telephone service; and the first

practical strong-current telephone permitting long distance telephony was invented by Messrs. Egner and G. Holmström, two officials of the State service. Numerous other improvements have come from the same source, and it is largely due to this fact that Swedish telephone apparatus is in use all over the world. The following extract from the " Historical and Statistical Handbook of Sweden (1914) " speaks for itself :—

> Chiefly in consequence of the well-devised and well-executed exchange systems, but also as a result of systematic selection, exercise and superintendence of the staff, the *rapidity of service* in the State telephone offices has reached such a degree of excellence that what, in many other countries, is merely a heart-felt wish, is in Sweden already an accomplished fact. Even some ten years ago, the average time elapsing between the subscriber making a call and his obtaining a response from the attendant, at the largest exchanges in Sweden, had been reduced to, or below, five seconds, and at the newer stations, such as those at Malmo and Halsingborg, statistics show an average wait of 2.5 seconds, and even less, for such reply.

People who argue that State owned and operated undertakings cannot be efficiently administered and who " talk telephones " in proof of this statement, should be asked how they account for the efficiency of the Swedish State telephone system. They cannot dispute the efficiency of that system, so an unsatisfactory service cannot be due to the principle of State ownership. If the explanation is that our present governing class is either incompetent or unwilling to organize an efficient State service, the remedy is obvious.

HOW THE NATIONAL TELEPHONE COMPANY'S SERVICE WAS REGARDED.

What is the truth about the British Telephone system before it was nationalized? The service was so bad

that it was a public scandal, and although the Press is not nearly so accessible to complaints against large advertisers as it is to complaints against community-owned undertakings, public dissatisfaction was so great that it was impossible to ignore it. In fact, anyone looking through the newspaper files of 20 or 25 years ago will find continual references to the unsatisfactory state of the Company-owned telephone system. The following are typical extracts :—

> The simmering discontent that the costliness and inefficiency of the service provided by the National Telphone Company which has been practically coincident with the existence of the undertaking has lately become more pronounced. . . . .

[A comparison of the National Telephone Company's system with those of other countries is omitted.]

> In every instance, therefore, the comparison is distinctly unfavourable to the National Telephone Company, and on the score of efficiency it is universally admitted that the Metropolitan and Suburban system is an indifferent one, not to put the matter too harshly. . . . .
>
> The Directors of the National Telphone Company in putting forward the moderate amount of the ordinary dividends as a kind of excuse for the dearness and admitted unpopularity of the service, must imagine that the public have very short memories, for what are the facts ? Our readers will remember that when in 1889 the National Telphone Company absorbed its parent, the United Telephone Company, and also the Lancashire and Cheshire Telphone Exchange Company, the ordinary shareholders of the United Company, whose capital constitutes the greater part of the existing ordinary share capital of the National Telephone Company, received two and a-half National shares for each United share, so that the 6 per cent. dividends paid in recent years have really meant dividends of 15 per cent. upon most of the unwatered capital, while on the balance of the absorbed capital, that of the Lancashire and Cheshire Company, the watering amounted to about 30 per cent. And, further, while these very handsome dividends have been distributed

> a large proportion of the net profits have been retained as additions to the reserve fund. This fund now amounts to £510,671, of which no less a sum than £273,429 has been added in the last four years. In the past twelve months the addition to the reserve was £75,000, or more than £2,000 in excess of the amount required for the half-year's dividend on the ordinary shares, so that the Directors were really in a position, if they had chosen, to make such a distribution as would have represented 22½ per cent. on the ordinary capital of the United Telephone Company. Whatever other defence then, the National Company may have for its shortcomings, it cannot either consistently or decently put forward the plea of poverty.
>
> *The Economist*, 2nd April, 1898.

On 18th November, 1901, the Postmaster-General entered into an agreement with the National Telephone Company for the purchase of the plant of the Company in the London exchange area, an agreement which was approved by the House of Commons on 27th June, 1902. Shortly after entering into this agreement, the new scale of charges to be adopted by the Post Office was announced and caused great disappointment when it was found that the annual charge for an unlimited service was to be £17, a reduction of £3 from that of the National Telephone Company, which was £20 per annum,* but one that was insufficient in the opinion of the business community which had complained bitterly

* When the telephones were under Company control, the annual charge was £20 for an unlimited service, subsequently reduced to £17 if the subscriber bound himself for five years—a provision the Post Office did not copy. Since then the cost of labour, materials, etc., has more than doubled, and yet the *Evening News*, in its campaign against the State telephone system, in its issue of 24th September, 1919, actually gave prominence to the following statement:—

> "If the telephone system were taken out of the Government's control and handed back to a company running on business lines, I am confident that £15 per annum would be a remunerative charge for an unlimited service."

of the dearness as well as the inefficiency of the National Telephone Company's London system. The change over from what should be a big public service from private to public ownership is in itself an advantage, but if its control remains in the hands of the same governing class referred to in Chapter III. of this book, many of the advantages will be lost. It was publicly alleged that the Government in fixing the new scale of charges had been influenced solely by the National Telephone Company, and feeling on the subject was so strong that a conference of 238 delegates representing 76 London local authorities met at the Guildhall on 23rd December, 1901, to protest, and, as reported in *The Times* of 24th December, 1901, carried the following resolution with one dissentient only :—

> This Conference also desires to express its grave regret that the Postmaster-General did not in any way consult the London local authorities before fixing the rates for the telephone service, this being the more to be regretted, as he does seem to have consulted the National Telephone Company throughout.

The sting in the unusual bitterness of the last sentence should be noted.

Mr. V. C. Parr writes as follows from the Hampstead Constitutional Club, Hollybush Hill, London :—

> Several days ago I communicated with the National Telephone Company's Exchange from one of their telephone boxes, and called for a number. After an interval of about two minutes I was requested to insert twopence in the money box, I did so, and waited for about eight to ten minutes. I lost my patience as the matter in hand was an urgent one. After this interval of ten minutes the Company's Exchange again asked for a number, I repeated my former application and shortly afterwards was told that that particular number was engaged. I again waited and was again requested to put the money in the box. I protested that I already had done so, a statement which was flatly contradicted by the

attendant. I called for the clerk in charge and complained, but got no satisfaction. I wrote immediately afterwards to the Company, and have since received from an official of the Company an explanation which was altogether unsatisfactory. He apologised on behalf of the Company and stated that he regretted the trouble I had been put to; but he did not offer to return my money. On making inquiries at the office I had wanted to communicate with, I found that nobody there had spoken by telephone for a quarter of an hour of the time at which I had been informed that the number was engaged. This is not the first time I have been kept waiting for ten minutes in order to get into communication with a telephone subscriber.

The Times, 27th July, 1908.

"W. G. L." writes:—

I note Mr. V. C. Parr's letter in *The Times* of 27th July, as I had also been compelled to pay twice under somewhat similar circumstances for a call at one of the "money-in-the-slot" boxes. In my case, however, the operator asked for my name and address and the money has been refunded. In justice to the National Telephone Company I expend one half of it in suggesting to Mr. Parr that he also may get his money back by applying to Salisbury House, E.C., but as it costs a penny stamp to apply for it and a halfpenny for acknowledgement, "le jeu n'en vaut pas la chandelle."

The Times, 7th August, 1908.

STAFF CONDITIONS.

To support their case, opponents of State undertakings often allege that workers in State concerns are worse off than those in private undertakings. Far be it from my mind to say that the State, under the domination of our present governing class is an ideal employer, for it is not; but the factor of publicity comes into play, and in this, as well as in other respects, community-owned undertakings are more susceptible to public opinion in this matter than private enterprizes, a circumstance which is often urged against them. But most people (including ourselves, dear reader) like to have it both ways, so opponents of Nationalization, when it suits

their book, allege that conditions of employment in the national service are worse than in private enterprize; and this is often stated in connexion with the telephones. It so happened, however, that Mr. Herbert Samuel, then Postmaster-General, when introducing the Post Office Accounts in the House of Commons on 20th May, 1912, dealt very fully with the change in the conditions of employment of the telephone staff when the undertakings became the property of the State, and the following is taken from Mr. Samuel's speech as reported in *The Times* of 21st May, 1912:—

> That the Post Office, after all, is not such a bad employer of labour is, I think, evident from the improvement in the condition of the Telephone Company's employees who have been transferred to the Post Office. It is rarely that we have the opportunity of making an exact comparison between the conditions in State employment and the conditions in similar employment outside. We have that opportunity in this case. The employees of the National Telephone Company numbered 19,000. On transfer to the Post Office they enjoy the conditions of Post Office servants of the same grade doing the same work. The consequence has been that in wages alone that staff are now receiving £175,000 a year more than they would have received if they had remained with the Company, and, owing to the shortening of the hours of work and the increase of holidays granted, I have had to employ a larger staff, involving an increase in the wages bill of £32,000 a year. The pension rights granted to the Telephone Company's employees involve an increase to the amount of £201,000 a year, when the pensions mature. So that altogether these 19,000 telephone employees benefit in money or money's worth to the extent of £408,000 a year, or a sum of over £20 per person, or 8s. per week. Many improvements in detail have been effected in the employment of the various branches of the Post Office staff, with the co-operation and sometimes on the suggestion of the heads of the Department. I should like to take this opportunity of emphatically declaring that I find that the able Civil Servants who are at the head of the Post Office are always most ready to welcome proposals for

the improvement of the condition of the staff, and indeed are themselves continually initiating improvements. The Committee for dealing with telegraphist's cramp, presided over by my hon. friend, Sir J.N. Barran, have lately reported; their recommendations are being adopted by the Department and, I trust, this will result in a diminution of that painful disease. The solution of the boy messenger problem is rapidly proceeding. In 1909-10 we had to dismiss at the age of 16 years 4,470 boys. New schemes have been adopted enabling that number to be reduced in 1910-11 to 8,628, and last year to 1,207. I hope that next year the number will be reduced to 400, and that at no very long interval the boy messenger problem will be altogether solved. (Hear, hear.) It has been necessary to stop open competition from the outside for a number of classes in the Post Office service, and to limit the competitors to boy messengers in order to secure for them opportunities for employment; but we are confident that in giving them a better assurance of permanent employment we shall get a good class of boys to enter the service. The juvenile employment committees throughout the country are advising us in our selection of boy messengers on entry, and we shall take every step to secure that the educational standard of the service shall in no way be lowered by the cessation of open competition. I have also established, with the Educational Department, a system of compulsory evening educational classes for the boy messengers.

THE STAFF AND IMPROVED SERVICES.

What private business or company would allow its employees to agitate for an improved service and declare their intention of bringing it about? This is happening in the Post Office. (See page 64.)

As a matter of fact, the Post Office telephone system is being steadily reconstructed; trunk lines are being laid in underground conduits so solidly that they should last for an enormous period. But even State undertakings are affected by a war, and require time to make good the legacy of inferior equipment left by private enterprizes which sacrifice efficiency to dividends.

CHAPTER XII.

THE TRUTH ABOUT GOVERNMENT CONTROL.

The question of Government control of private enterprize deserves some attention. It is neither wholly good nor wholly bad, but by force of circumstances, it appears to have become the policy of the Coalition Government. The policy of that Government is sweeping towards not so much Nationalization as, Socialism: true, a bastard Socialism, but Socialism. Socialism is a creed and belief that is best expressed in the word "Brotherhood." Each member of the community is to be recognized as a member of the family, and the distribution of the Nation's income in food, clothing, etc., that takes place day by day (of which money is merely part of the machinery) is to occur, not, on the basis of individual cleverness, greed or acquisitiveness, but on the basis of a person's needs. The nationalized Post Office is normally run on the basis of paying for itself, plus a small margin of profit; roads, drains and bridges are communalized and run at cost without a thought of profit, the cost being spread over the taxpayers and ratepayers of the country; and in the case of the Post Office, any surplus of revenue over expenditure goes into the National exchequer. Both methods fit in with the Socialist conception.

There is a third method, which has the advantage (!) of retaining private enterprize and private profit, with high dividends and large capital increment for people of "the right sort" and yet averting a revolution by making the community, as a whole, reimburse to the poor, by means of subsidies from the taxes, part of the increased cost of living. This method is clumsy

and wasteful; it is like saying to the struggling little baker: "Owing to your lack of capital and, possibly, lack of ability, and the ridiculously small scale on which you are working, your costs of production are high; the higher they are the more we give to your great competitor who makes bread in great machine bakeries, with a fleet of motor delivery vans." If the Nation or municipality made bread on the large modern scale of the big company, the saving in cost would go to the community. Under the system introduced by the Coalition Government, the benefit of the saving in cost goes to the big producer.

The nationalizer is not, therefore, enamoured of Government control as an alternative policy to Nationalization; but he does not propose to nationalize every industry—certainly not yet—and one must really protest against the enormous amount of abuse that is levelled against Government control.

Many of the newspapers have managed to convey the impression that control always operates badly for the public and that directly it is removed everything goes well. The fact is that each business man wants control removed from the article in which he happens to deal, but desires it imposed upon every industry which supplies him. The following examples speak for themselves:—

A TRAVESTY OF LIBERTY.

> In a general way we do not favour Government interference, but we have always advocated the compulsory treatment or destruction of diseases in the nursery, the fruit plantation, and the private garden. It is a travesty of liberty to allow a nurseryman, whether he has the clearing out of old quarters or the final clearing up of a nursery altogether, to send out plants with diseases upon them. Equally so is it for a fruit grower who has diseases in his plantation to go on year in and year out, allowing pests to increase unlimited while his neighbours are spending

hundreds of pounds per annum in machinery, specifics and labour, endeavouring to keep their crops clean and produce better fruit.

Whatever may be the case generally—in the reorganizing of the Board of Agriculture or the creation of a Ministry of Agriculture—we contend that if it has not the power then power should be given to it so that such a state of things as we have described may become unlawful, if not impossible. Much time and money have been expended by the Board in operating against the gooseberry mildew in the past—a work of extreme difficulty—and yet the American blight, a much easier pest to deal with in its earlier stages, has been left to the will or caprice of the grower and nurseryman. The one distributing the insect far and wide on infected stocks, and the other deliberately allowing his trees to become a centre of reinfection for all his near-by neighbours. The time has come to end all this.

The Fruit Grower, 18th December, 1919.

COTTON.

The policy of drift and the ignoring of advice on the part of the Government that was pursued until the beginning of 1918, when they appointed the Cotton Control Board, was also responsible for fresh heavy losses. The Control Board clearly demonstrated what could have been done had the industry been managed as a whole from the beginning of the War by experts representing both Capital and Labour. The abandonment of this control in the early part of 1919, although the same conditions still existed, involved the industry in the most serious losses incurred in any similar period during the War; and the Government have never explained the reason for this control being discontinued.

Sir Charles Macara in *Manchester Guardian*, 2nd December, 1919.

VEGETABLE OILS AND FATS.

It was possibly inevitable that the removal of Government control would lead to some amount of confusion and develop surprises; but probably the Government Department responsible in restoring a free and open market in oilseeds and oil products did not anticipate that the result would be that within a few weeks market prices of the principal vegetable oils would have practically doubled. Linseed oil, which has always been a favourite with the speculating

element, is a case in point. Control of distribution and official maximum prices were abolished on 30th April, at which time linseed oil was quoted £58 per ton naked ex mill. In less than seven weeks the price in London had reached £120, and in Hull, the great producing centre, £113, the result of unprecedented speculation in a set of circumstances eminently favourable to it. Meanwhile the ordinary consumer, paint and linoleum manufacturers, and others have been excluded almost entirely from the market, the abnormal and inflated values being altogether beyond them. It is stated on unimpeachable authority that the action of the Government in bringing about de-control of oilseeds, oils and fats, now obviously prematurely, was taken in direct opposition to the unanimous advice of their Seed Crushers' Advisory Committee, who foresaw that a free and open market in the then conditions would simply play into the hands of outside speculators.

The Economist, 21st June, 1919.

HULL.—The year 1919 has on the whole been a very satisfactory one to the seed-crushing and oil industry. *Since control and maximum prices were abolished, at least one remarkable boom in linseed oil was experienced, the open market price of this article advancing in a few weeks from £58 to over £130 per ton*, while crude cotton oil moved up from £50 to £120, and palm-kernel oil from £52 to £99, these enormous advances being of great benefit to crushers, most of whom, there is reason to believe, sold out all their "free" oil at the top figures. In the reaction which followed, when linseed oil dropped to £74 per ton, crushers suffered more or less, but not so much as the speculators at home and on the Continent, who were great losers by the big fall. Latterly, the market has recovered in a remarkable manner, and linseed oil, *thanks to the attention of speculators*, is again at the high level of £107 per ton ex mill at Hull.

Though the seeds and nuts passing into the mills are about double what they were a year ago, the output is no larger than the demand, and a good market is experienced both for home consumption and export. The outlook is regarded very hopefully by the manufacturers, who have anticipated a big potential demand by purchasing freely raw materials at enhanced prices.

Common Sense, 3rd January, 1920.

MEAT.

The Meat Muddle.

The other day I pointed out that meat is likely to be decontrolled before Christmas.

I hear that the matter has now been before the Cabinet, who have decided to support Sir Auckland Geddes' recommendation that the control should be taken off at the earliest possible opportunity. There is a growing belief that this will have the effect of lowering the price of meat.

An expert on the subject tells me that he cannot understand why New Zealand mutton that is sold at 3¾d. to 6d. per lb. in New Zealand should have increased in price on arrival in this country to 1s. 2d. a lb. for saddle and 1s. 5d. for loin. Surely 1s. a lb. increase cannot represent the cost of transport.

It is believed that when investigation is made it will be shown that a serious muddle has occurred.

Evening Standard, 5th December, 1919.

At the Incorporated Society of Meat Trades the *Evening Standard* was informed also that the ultimate result of decontrol would be to put profits into the pockets of the trusts.

"Next spring there will be a shortage of home-killed meat. Up will go prices; only the rich will get meat. The East End will be unable to get meat at all. Now, of course, East and West are served alike."

From the same issue of the *Evening Standard* (5th December, 1919).

In May we de-controlled veal. The maximum retail price then varied between 5d. and 1s. 8d. per lb. Within a day or two veal was selling at from 2s. to 5s. per lb. In three weeks control had to be reimposed, and the prices went back to the old level.

Mr. McCurdy at Conference of Food Committees held at Grosvenor House, London, 13th December, 1919.

Sir Hugh Bell, speaking at Middlesbrough, admitted that he "looked with profound suspicion on State control." So do most of us; but when we see that veal has had to

be recontrolled because the price went up 100 per cent. we are also bound to look with profound suspicion upon private trading. It is the dilemma of the times

The Observer, 22nd June, 1919.

COAL.

For the time being prices of coal here are at an artificially low level on account of the operation of the Price of Coal (Limitation) Act, 1915, with the subsequent advances that have been allowed. Had there been no control, prices might readily be 30s. per ton higher than they are to-day. When the trade of the world is more settled, the law of supply and demand will sooner or later operate again.

Financial Times, 17th November, 1919.

REDUCTION IN COSTS.

Munitions Secrets.

LATHE WHICH REDUCED COST OF SHELLS BY 37 PER CENT

Sir Wilfred Stokes reveals many interesting facts and secrets about the production of munitions in a short record he has written of the activities of the East Anglian Committee. He claims that it was in East Anglia that munitions were made with the least cost to the country.

In East Anglia, he says, the first co-operative movement was started for the making of shells, guns, etc. Furthermore, the possibility of making fuses from battlefield scrap was first demonstrated in East Anglia, and there also the Ministry of Munitions first obtained the figures that enabled them to ascertain the cost of shells and to place the first contract for 18-pounder shells at 12s. 6d. each—a reduction of 7s. 6d. per shell. This was due to the East Anglia design for a single-purpose lathe.

Sir Wilfred also claims that the Committee was the first to shut down munitions contracts in this country. "Looked at from all points of view," he says, "it is clear that East Anglia as a whole, and the East Anglian Munitions Committee in particular, under the stimulating influence of Mr. Crittall, helped in no insignificant manner to bring the War to a successful issue."

Daily News, 24th November, 1919.

FLOUR MILLING.

Though we rejoice at the approaching measure of freedom, we are of opinion that the milling trade as a whole has distinctly benefited by control. Many new lessons have been learnt. Before the War, when the extraction averaged between 68 and 70 per cent., an extraction of 75 to 80 per cent. from English and foreign wheat would have been considered impossible. Yet 93 per cent. was reached with good mixings during the War, and the present average varies between 73 and 75 per cent. It is probable, however, that millers in seeking business, especially for high-class flours, will reduce the extraction to the pre-War standard, despite the immense saving in wheat that a higher extraction would represent.

A complete organization of milling interests was also brought about by the War. The Food Controller was for obvious reasons unable to deal with individual mills, and arranged for the carrying out of his policy through a central organization representing the trade. The introduction of control also led to the elimination of many incapable men from the ranks of millers. They had managed well enough under ordinary conditions, but when control was introduced the percentage calculations and other work involved by the new rules overwhelmed them and fresh men had to be called in. The regulations further demonstrated that mere arm-chair direction of a mill, combined with the casual study of samplings by routine tests—a common form of management in pre-War days—was useless in a time of stress, when critical decisions had to be speedily taken. The need of greater familiarity with actual working conditions came to be seen, and a new type of management grew up by practical millers, who, if anything, went amiss in regard to moisture, protein, water-absorption, ash or colour, could at once trace the error to its source and see to its immediate rectification.

The Statist, 19th July, 1919.

RAILWAY MANAGEMENT.

Our railways during the War have been admirably managed, considering the manifold difficulties involved. The traffic carried has mostly been of an urgent character, which has had to be transferred regardless of expense. The

men have had to work long hours, which has meant considerable overtime, whilst Sunday duty has been almost constant. Material has been dearer and labour more costly and yet, according to the Board of Trade Railway Returns, published in September last, the ratio of expenditure to receipts, which was 64 per cent. in 1913, was only 66 per cent. in 1916, 69 per cent. in 1917, and 73 per cent. in 1918. The railways have, it is true, been controlled through the Railway Executive Committee, but not to the extent that might generally be thought. They have retained a considerable amount of independence of action. If, then, such comparatively economical working has been possible during the administration in force during the last five years, how much greater economy may we not expect when all the efforts are concentrated? A saving of £10,000,000 a year was mentioned by Sir Eric Geddes on the second reading of the Transport Bill. This is 11.5 per cent. of the total of the expenditure of to-day, and so may be regarded as a reasonable anticipation. It is in this direction that the proposed representation of Labour on the administration will be useful. The better operation of trains is a means towards economy—quick loading and unloading of wagons and drays, full loading of wagons, the avoidance of unnecessary shunting, the make-up of trains into through loads, enginemen getting the most out of their machines, etc., etc. By giving the men a voice in these affairs, and allowing their practical experience to bear, better working is more likely to be obtained. Let the men, however, know the cost of running the railways. Place at their disposal information as to the results of what they recommend. Allow them to see the effect of their own achievements—the cost and earnings per engine mile, per train mile, and per ton mile; the loading per wagon and per train; the coal consumption, etc., etc. Give them an idea of the relative expense of the various departments; show them the effect of the eight-hours day and of the higher prices of labour in shops, of material and stores. It is safe to assert that were the men to enjoy the confidence of the administration in these matters their demands for increased wages and better terms of service would be more befitting the financial conditions.

The Economist, 13th November, 1919.

ROAD TRANSPORT.

The Railway Strike.

A report was made as to the action taken by the Chamber in connexion with the railway strike, and it was unanimously resolved—

"That this Council desire to place on record their recognition of the exceptional service to the community generally which was rendered during the railway strike by the Government in organizing the distribution of the national food supplies and thus minimizing in a large measure the probable effects of the strike.

The Council further request that this expression of their views shall be communicated to the Prime Minister and the departments concerned and welcome the proposal that the Government should utilize the transport system evolved during the strike for the relief of the congestion existing on the railways at the various ports and throughout the country."

Chamber of Commerce Journal, November, 1919.

PRICES RISE AFTER DECONTROL.

Some Striking Examples in Foodstuffs.

Opponents of the Government's policy of decontrolling foodstuffs and other essential commodities are calling attention to the serious increases in prices which have followed releases from control during the past year.

The following are given as examples :—

Margarine.

Price under control, 1s. to 1s. 2d. per lb. ; under decontrol, 1s. to 1s. 8d. per lb., Ministry of Food having to intervene to fix prices of raw materials in order to keep down prices to consumers.

Bacon.

Maximum retail price before decontrol, 2s. 4d. per lb. At the time of decontrol wholesale prices in North America showed a slight downward tendency, and packers declared that release from control would lead to a sharp and continued fall in prices. For a few weeks after decontrol there was a slight decrease in prices, and then for four months wholesale rates rose steadily, inferior qualities and some

tainted stocks being sent over. Wholesale profits in some cases were 10 times greater than under control.

The Ministry of Food resumed control in August, and wholesale prices of hogs in United States fell 3 dollars in one day. Arrangements were made for better qualities in supplies, but owing to the prices at which most of the imports had been bought on private account 2d. a lb. was added to the retail price here.

VEAL.

Maximum retail price before decontrol, 5d. to 1s. 8d. per lb.; three weeks after decontrol prices ranged from 2s. to 5s. per lb. Control was resumed at the former prices.

POTATOES.

Formerly controlled at maximum of 1d. to 1½d. per lb., and frequently sold a year ago at 2 lbs. for 1½d. To-day, the prices under decontrol—with a shorter crop—are 1¾d. to 2d. per lb. A meeting of the Potato Advisory Committee of the Ministry of Food is to be held shortly to consider the rising prices.

RICE.

Controlled varieties are 4d. to 5½d. per lb.; uncontrolled varieties 50 to 100 per cent. higher.

WOOL.

Since decontrol of raw wool from 1st April last year prices at auction sales in London have risen by 80 to 200 per cent.—one of the first causes of the present high cost of clothing.

IMPORTED BEEF.

Decontrolled recently, price to be reduced 2d. per lb. from 1st February. South American packers claim that the price will remain at that level, but opponents of decontrol fear a rise in the spring.

Daily News, 21st January, 1920.

COPRA.

I might add to the foregoing an example out of a trade of which I have some knowledge. Copra (dried coconut) is, or is supposed to be, the base of most of

the margarines and butter substitutes that are being sold. According to the reports of companies engaged in the cultivation of this product, it now costs about £12 per ton when placed on board ship at Singapore; at the present enormous rates the freight to the United Kingdom works out at about £10. 10s. per ton, making a total cost delivered in this country of under £23 per ton. When controlled the price was in the neighbourhood of £45 per ton; now it is decontrolled, and costs £74 per ton.

An authority in the trade, to whom I submitted the preceding paragraph, writes me:—

"Control is only effective if it is done in the world markets. If producers are only allowed to get £45 per ton for copra here, they will send it to Holland and get £74 per ton there. *Control was effective before, because the Government controlled shipping as well.*"

CHAPTER XIII.

NATIONALIZATION AND PARTY POLITICS.

Throughout this book I have written as though anyone who supports the principle of Nationalization (or Municipalization) of our great vital public services and industries must necessarily belong to, or support, the Labour Party. Is this so?

The Coalition is not a party, but if it were, its attitude towards Nationalization requires no discussion. If Nationalization is necessary to keep Mr. Lloyd George in office he will no doubt declare himself in favour of it; and, to do him justice, will probably feel more comfortable in that position than he does at present; but, he will not carry the majority of his present followers with him.

The Conservatives, who as a party, always stand for vested interests, will nationalize only when they are absolutely forced to do so and then concentrate their efforts upon securing the uttermost farthing in the shape of ransom for such vested interests. Hear the opinion of so solid a City organ as *The Statist* (3rd January, 1920:—

> The only party that it is worth while to address is the trades unionists. Those below the trades unions have neither the organization nor the funds to win seats in Parliament, while the two old parties—Conservatives and Liberals—are to all intents and purposes dead. The Liberals are dead absolutely. A small body calling themselves Liberals may linger on. But the party, as a party capable of governing the Empire, is dead, never to recover. And the Conservative Party, or whatever you choose to call it, is a party which exists only for the narrowest and the

> basest purposes. Firstly, it is pledged to maintain the aristocracy in all their claims of every kind ; and, secondly, it is pledged to defend the Established Church, although it is doubtful whether more than a quarter of the people of England belong to that Church. There is only one party, then, that is really organized. The trades unionists tell us that they number more than 5,000,000. And, as we have often pointed out in this Journal, there are agricultural labourers, clerks, teachers, and those who serve behind counters, who can, if they are won over, make the trades unionists the real disposers of power in the United Kingdom. Are they merely a mob associated together to exact as much money as they can, whether rightly or wrongly, or are they good citizens, banded together, of course, to see justice done to themselves and to ensure that equal justice shall be done to all other classes in the community ? If they are, then they can win at the coming elections, and they can ward off very grave evils to which we are seriously exposed.

There remain the Liberals—not many of them it is true, but a party with great and fine traditions. One would have thought that in their hour of adversity they would recognize the vital principles over which society is to-day divided, and take a definite line. One would have thought that, in the face of this almost unparalleled extinction of a great party, its leaders would take counsel together and ask themselves what was wrong with their policy. They would soon have discovered that the great public is becoming educated to the fact that it has to face realities—economic realities—and that the politics of the future will centre around the question of who is to pay the bill left by the War—" How much is to come out of your pocket and how much out of mine ? " Or, if you prefer it, " How much is to come out of your pocket and how *little* out of mine ? " Most prominent among these realities is the question of Nationalization, for, by its elimination of the crowds of middlemen (and here I use " middleman " in the widest sense as denoting anyone who intercepts or takes

toll of the product of labour), it will go a long way towards cheapening the cost of living and reducing taxation; but the leaders of Liberalism speak with no clear voice on this subject.

True, Mr. Masterman, writing in the *Daily News* of 21st October, 1919, after having made the bold statement that "the railways will never go back to private working," advocated "the Nationalization of the railways and the coal-mines, and *consideration of* the Nationalization of any other of the great natural monopolies, where smooth working and cheapness of production is vital to all other business and industry." One notes with interest that Mr. Masterman apparently thinks that there are some monopolies, services or industries in which smooth working and cheapness of production are *not* vital to all other business and industry the forgets to mention the population of the country, (the consumers), but at any rate, having made sure to his own satisfaction that the railways are going to be nationalized in one way or another, he declares for it, and after the defeat of the really excellent Liberal candidate at Rusholme (Mr. Pringle)—the article from which I quote was written *à propos* of that election—he also affirms that he is in favour of the Nationalization of coal-mines. A few days later, 1st November, 1919, no less eminent a Liberal than Mr. Herbert Samuel wrote also in the *Daily News*, as follows:—

> But what methods? The Labour Party has tied its fortunes hitherto to the doctrine of a general nationalization of industry. It has claimed to possess a panacea. If working for profit was abolished, it declared, through nationalizing "the means of production, distribution, and exchange," wage slavery would be ended and poverty disappear. It is a theory which has never appealed to Liberals. Stripped of the rhetoric that has surrounded it, it means the conduct of industry and commerce by Government

> officials. As practical men, the leaders of the Liberal Party have felt convinced that this would involve inefficiency, a lessened output, higher prices, a shrinkage of foreign trade. *It would bring, perhaps, a fairer distribution, but of a smaller product;* with little prospect of a net gain to the people, with the possibility of more unemployment and not less, of the intensification, instead of the cure of poverty.

Mr. Samuel admits, without apparently realizing the full importance of his admission, that Nationalization might bring a fairer distribution, and his statement that this must necessarily be accompanied by a smaller product is merely an expression of opinion. It is interesting to note that Mr. Samuel is the second instance of a Liberal statesman declaring himself an opponent of Government ownership, who was placed by his party at the head of the greatest State undertaking in the British Empire, the Post Office. It may be that Mr. Samuel's knowledge of the class of politicians from which his party appoints heads of great Government undertakings justifies his poor opinion of their capacity; he, as one of them, ought to know; but the Labour Party has no intention of placing the destinies of great nationalized undertakings in the hands of gentlemen who are opposed to the very thing they condescend to administer. The important point, however, in Mr. Samuel's remarks is that the leaders of the Liberal Party are against Nationalization, which is more than a complete set-off against Mr. Masterman's faint support of an experiment of Nationalization and a desire to consider extensions.

Neither Mr. Masterman nor Mr. Samuel is at present in Parliament. If we turn to the small number of free Liberals who were returned at the last election, we find that their leader, Sir Donald Maclean, has pronounced himself as flatly opposed to the Nationalization of

coal-mines in particular and Nationalization generally. At the meeting of the National Liberal Federation held in Birmingham on the 28th November, 1919, the subject came forward with the following result, as reported in the *Birmingham Post* of 29th November, 1919:—

NATIONALIZATION.

Sir Ryland Adkins, M.P. for Middleton and Prestwich, moved, and Sir John Barnsley seconded, the following resolution: "This Council approves of the acquisition of all mineral rights by the State, and would favour an experiment in the working of such monopolies as railways, canals, and coal-mines with a view to national ownership if experience proves that this would be advantageous to the community as a whole; but the Council warns the Government and the public against the undue prolongation of an intermediary stage in which the stimulus of competition is forfeited and the possible advantages of complete nationalization are not acquired.

An amendment, moved on behalf of the Manchester Federation, committed the Council to the opinion that national control of monopolies, which are of the nature of a general service, such as railways, canals and docks, coal-mines, electricity supply, reservoirs and watersheds, should be maintained and extended, and, if experience prove it to be advantageous such monopolies should be nationalized.

In the course of the discussion there developed considerable opposition to the nationalization of the coal industry. Welsh delegates declared that a large section of the miners themselves were against it. Those who were for it did not want that the Nation should own the mines, but that they themselves should own and manage them in their own interests.

The amendment was defeated, and the official resolution was carried.

It will be observed that the quite moderate resolution of the Manchester Federation, which covered only national control of monopolies which are in the nature of general services, was too advanced for this official meeting of the Liberal Party, and immediately after

this was done, the delegates greeted the entry of Mr. and Mrs. Asquith by the singing of "For he's a jolly good fellow," and the President (Sir George Lunn) informed Mr. Asquith that "the delegates were agreed the party needed a strong lead and a definite policy and they were relying upon him and the other leaders of the party to give it them" (don't laugh !); whereupon Mr. Asquith (I still quote from the *Birmingham Post*) "assured them of his conviction of the potency and efficacy of Liberalism to solve our social evils and to find a way of settlement of the great economic and industrial problems which lay before them." (Applause.)

Mr. Asquith's pronouncements at Paisley in January, 1920, are referred to on page 159. His remarks on Coal Nationalization showed, as the *Daily News* pointed out, that he did not go so far as either Justice Sankey or Sir Arthur Duckham!

Are further examples required? Of Sir John Simon, the Liberal candidate for Spen Valley, *Common Sense* (a paper supporting his candidature) wrote on 29th November, 1919:—

> His chief planks were non-intervention in Russia, Home Rule for Ireland, freedom at home, and sound finance. He refused to pledge himself to support either Nationalization or a Capital Levy.

Is it any wonder that, in the face of these instances, the Liberal candidate finds himself almost invariably at the bottom of the poll in all the by-elections? The Liberal Party remains, with a great organization and with funds, but with discredited leaders who have learnt nothing and continue to mumble the old formulæ which sound so well and mean so little. I sincerely deplore the break-up of this great party, for I freely admit that Liberalism has generally had a tinge of idealism for which the country was all the better. It

has been ruined by its leaders; for years past anyone keeping in close touch with political opinion throughout the country, and not as reflected in official circles or the Press in London, has been aware of the ever-widening gulf between the rank and file of Liberals and their leaders. Had the latter adopted a definite policy on the two most vital questions that confront the Nation, namely, Nationalization and a Capital Levy, they might just have retrieved the situation. They have not done so, and as a result, the cream of their party has joined the Labour Party and the electorate rejects Liberal nominees with contumely. The Liberal Party retains its organization, it retains its funds, and—fortunately for Labour—it retains its leaders; but it has lost the bulk of its adherents, and the remainder are dropping away daily. Liberals of the strongly individualist type (who are much worse opponents of progress than Conservatives) will scuttle over to the Conservatives or to whichever party happens to fight most vigorously in favour of vested interests; the bulk of the Liberals whose temperament entitles them to the description of idealism made above, will find their natural place on the right wing of Labour. With enlightened leadership they might have occupied this position as a separate, albeit secondary, party; as it is, it is too late, and their inevitable destiny is to form the right wing of the Labour Party. They will be extremely valuable in a party that is growing fast and sadly needs an accession of strength in the shape of persons of Parliamentary experience and debating skill.

CHAPTER XIV.

WHAT THEY SAY.

The following are extracts from articles and speeches, showing the sort of things that are uttered with regard to both Nationalization and Labour. I have made no alterations to any of the extracts, but have printed some important passages in italics. Original headings are marked by an asterisk ; others are my own.

A. E. D.

THE CAPITAL LEVY.*

To the Editor of *The Economist.*

Sir,—It is a very foolish thing to " kill the goose that lays the golden eggs," but are not the advocates of a levy on the capital of rich men proposing something like it ? Surely it is a wiser policy to encourage these " milch cows " who are so profitable to the revenue. At present the State milks them in their life, and milks them again at their death. They are wonderful animals. To " sack the lot " would be the height of folly.

Let us look at the facts. To-day fewer than 2,000 rich people with incomes over £25,000 a year apiece, amounting in the aggregate to £100,000,000 a year, pay £47,000,000 a year in income-tax and super-tax ! At the death of these 2,000 persons the State will get another enormous haul amounting in the aggregate to no less than £600,000,000, or one-tenth of the net National Debt ! Converting this £600,000,000 into an annual income of, say, £30,000,000, and adding it to the sum of income-tax and super-tax, these people pay a tribute equivalent to £77,000,000 a year—equal to one-twelfth of the total receipts from taxes in the current financial year !

What a beautiful system ! Why spoil it by putting them into a lethal chamber ? The millionaires constitute one of the best pieces of fiscal machinery ever invented. *The more millionaires we can collect, paying half their incomes to*

* Original heading.

the State in taxation, the better it is for ordinary people with little incomes. If we get rid of the millionaires we shall have to pay more ourselves. It would be idiotic to take away their capital all at once. They are clever men, and know how to make money grow. They know better how to do it than we do. Let them go on making their money grow, and let us go on taking away half of what they make each year.—A SMALL TAXPAYER.

The Economist, 15th November, 1919.

[This reminds one of Charles Lamb's delightful essay on "Roast Pork"—how the Chinese used to burn down their houses so as to roast the pig, until one day it dawned upon a genius (an "agitator," no doubt) that it was possible to roast a pig without destroying the house.]

SAVINGS ESSENTIAL TO PROGRESS.*

Capital was treated by the working man as an enemy, yet it was the only means of finding work for them. Capital was the result of saving, *mostly by the income-tax paying class*, and the effect of Nationalization would be to stop saving. Savings were absolutely essential to progress. He did not think this point had half enough attention from friend or foe. To cripple saving meant destroying thrift and provision for the future, and without it the country would be unprogressive.

Granted excessive profits were unjustifiable, the effect of doing away with even reasonable profits, as the nationalizers desired, would dry up the springs of saving and the sources of capital for future enterprize. That was so economically disastrous that it would be a crime against the well-being of the State, and in that sense utterly anti-social. He believed the future to be precarious, and that it could only be saved by hard work and co-operation for common good.

Address by Lord Emmott on "Government Control and Industry," at Guildhall, London. Reported in *The Financier*, 3rd December, 1919.

[It is remarkable when you come to think of it, that people who earn less than 50s. a week, and are therefore not in the "income-tax-paying class" do not

* Original heading.

accumulate capital; and it seems an argument in favour of a big rise in wages all round so as to put the workers in that class. Some of the big tax-payers would receive less; but then they would have to *pay* less in taxes! See *Statist* quotations on pages 230 and 236 as to number of income-tax payers.]

LACK OF IDEALISM.*

MR. W. RUNCIMAN CRITICIZES THE LABOUR PARTY.

Mr. Walter Runciman, addressing a gathering of Young Liberals at Leeds on Saturday, spoke with great hope of the campaign in Spen Valley. He effectively quoted Burke's saying that it was as serious an offence to fail to keep watch as it was to go over to the enemy. Liberals must be prepared to keep watch and to lend a hand to maintain those principles which they knew to be the only true basis of democracy.

The Labour Party had a simple way of solving social problems—to conscript other people's wealth, while *the Liberal Party had the enormous advantage that it did not preach mere materialism.* That lack of idealism in the Labour Party accounted for the ineffectiveness of their numbers in the House of Commons.

Daily News, 8th December, 1919.

[In other words, when people wish to tax the profits of the rich man, including millionaire shipowners, you denounce it as "materialism." Lord Haldane referred specifically to the idealism of the Labour Party—see page 158.]

THE PORTER AND THE CLERK.*

We hear much about the hard lot of the country porter and his 40s. a week. But the country porter is actually being offered 56s. a week so long as the cost of living remains as now. The porter also receives tips given to him frequently by people who are poorer than he is. Indeed, a nice point

* Original heading.

arises about these tips. Will the poor clerk, who on his exiguous pay has to buy his own uniform, be bold enough to refrain from tipping the man who is better off than he is?

The Spectator, 9th January, 1920.

[Or will the poor clerk be sensible enough to follow the example of the country porter, and compel the governing class to pay him also a living wage?]

OWNERS AND NATIONALIZATION.*

Denial of Extraordinary Rumour.

The Coal Association issues the following:—

Mr. Phillip Gee, the director of the Coal Association, desires to contradict the extraordinary rumour still existing to the effect that the coal owners desire nationalization. "To trace such a rumour to its source," says Mr. Gee, "would be superfluous, since there can be little doubt with regard to the quarter from which it emanates and the motives for which it continues to be put into circulation."

An official denial was recently given in the House of Lords by Lord Gainford, who said: "It is alleged that we are desiring to ride for a fall. I wish to give that lie an emphatic denial. The whole of those engaged in carrying on the trade in this country are opposed to the principle of the nationalization of the industry root and branch, and they intend to fight it and to defeat it. It is promoted chiefly by Socialists and those in favour of revolutionary ideas, and in the event of their succeeding in securing nationalization, even if they paid for it by scrip, a very large proportion of those individuals would not hesitate to try to tax out of existence a very great deal of the scrip."

The Financier, 3rd December, 1919.

COLLIERY PROFITS.*

In connexion with the proposal to limit the profits of colliery-owners, the Council of the Imperial Commercial Association has passed the following resolution:—

"The Council of the Commercial Association desires to record its protest against the principle under which the Government proposes to limit the profits of colliery-owners. The enforcement of this principle would be

* Original heading.

extremely unjust and would impose great hardship upon many of those who are financially interested in the coal trade. Apart from this consideration, the Council is of opinion that any principle of limiting profits is certain to do infinite harm to the trading ventures of this country.

"It will have the inevitable consequence of drying up the fountain of capital and will drive investors into other and more securely protected markets, where profits may be earned in proportion to the risk undertaken.

"The Council strongly protests against any interference with the free rights of capital to earn profits which will adequately compensate investors for the risks they undertake."

[The advantage of Nationalization is that it secures capital at a moderate rate of interest without having to offer these high profits—see page 121.]

COAL PROFITS.*

GOVERNMENT PROPOSALS MEAN SMALLER OUTPUT.

A largely attended meeting of members was held at the House of Commons last night in connexion with the Government proposal to control the profits in the coal industry. Sir Clifford Cory presided.

Sir Adam Nimmo said the Government proposed to cut down the profits of the coal-owners by, roughly, 50 per cent., whereas they had raised the wages of the miners very materially and had also reduced their hours.

If the proposals of the Government were carried out there would be a slowing down of output and a smaller output than recently, and that at a time when there was an urgent demand for increased output. With a larger output there would be a reduction in price.

The rank and file of the miners, continued Sir Adam Nimmo, were convinced that they could earn more money out of private employers than under any system of Nationalization. If they could procure freedom from Government control the spirit of enterprize would return to the coal-owners.

The Financier, 21st November, 1919.

[The portion in italics is a remarkable statement. If Sir Adam Nimmo is right, the miners are so unselfish

* Original heading.

that, although they know they would earn more under private enterprize, they advocate Nationalization none the less, as they think it better for the community. Contrast this with the tone of the threat expressed above of a reduced output if owners' profits were reduced. See paragraph on page 221, headed " Direct Action.]

IDEALS NECESSARY.

Political success in this country has never been achieved unless the men who make up the political army are imbued with the spirit of some great cause.

GENERAL PAGE CROFT (Leader of " National Party " Interview, published in *Evening Standard* 12th January, 1920.)

NATIONALIZATION.*

If the weight of opinion counts for anything, the prospects of vast schemes of Nationalization are not bright. The evidence of Lord Gainford (as an old Liberal) before the Coal Commission has created a great impression.

Now we have Sir Robert Horne's severe condemnation of national factories. " In my judgment," he said, " by providing employment in national factories you would only dislocate employment in other factories and thereby increase unemployment."

It seems extraordinary that State Socialists are so utterly unable to learn by experience. *Almost every day gives fresh evidence to prove that national ownership and management are political whited sepulchres*—and I rather think that even the whitewash is getting a little tarnished.

[But, further on, *in the same column*:]

LONDON TOWN PLANNING.*

The latest pamphlet issued by the Ministry of Reconstruction contains several interesting notes about the town-planning of London.

There are signs of Roman planning in London, and, in fact, Oxford Street follows the line of a new arterial road

* Original heading.

constructed by them. After that houses were crowded in, one on top of another, until the Great Fire swept away a large slum area. That was London's opportunity *Charles II. issued a royal command to Sir Christopher Wren to plan a new city, but vested interests and prejudices were too strong. The L.C.C. would have saved millions, and Londoners' health would have been better, if Wren's master-plan had been followed.* Then followed the age of London squares. Next the age of " brick boxes with slate lids."

Progressive opinion now favours London being surrounded by new and healthy garden-cities built in Surrey and the Home Counties.

Evening Standard, 29th May, 1919.

L.C.C. BUSES.*

To-morrow the L.C.C. is to be advised by its Highways Committee to take the first steps to establish a motor-bus service. This is a remarkable proceeding.

The L.C.C. has never made a success of its tramways. They do not pay, and enormous capital expenditure is necessary to repair the track and to keep the cars in order. Municipalization (which in principle is the same as Nationalization) has proved a failure. Yet, although the Municipal Reform Party, which controls the Council, professes to oppose Municipal Socialism, it is now proposed to embark on a fresh experiment in Municipalization.

I hope a vigorous protest will be made in the Council to morrow.

[But, *in the same column*:]

IF THE BUSMEN HAD STRUCK.*

It is not certain whether the Emergency Committee which was dealing with the congestion of street traffic when the strike came to an end will continue its sittings or be dissolved.

This is a matter which Mr. Kennedy Jones, M.P., the chairman, will discuss with Sir Eric Geddes. There are some improvements which the committee consider might be introduced in the management of the bus and tram traffic even under normal conditions.

* Original heading.

I believe that if a general strike of bus and tramwaymen had been called *the arrangements made by the Government for carrying on those means of transport would have surprised even the strikers themselves. Within a couple of days, I am informed, there would have been a more efficient service than the present.* The stopping places would have been changed, probably to one in each mile, and fares would have been revised on a flat-rate basis.

Evening Standard, 6th October, 1919.

[So, after all, if the Government likes, it can organize the trams and buses more efficiently than the L.C.C. *and the Companies.*]

LABOUR MONOPOLISTS.*

The miners are monopolists. Power is the most intoxicating of all gifts. It is as natural to the monopolists to be greedy, arbitrary, and over-reaching as it is for cats to crave for fish or dogs for bones.

Spectator, 22nd February, 1919.

"BERT, IN THE CENTRE."*

Vanity we believe to be the compelling motive of most of these strike leaders, a vanity which is fed by the illustrated papers. A woodcut of Bert, in the centre, with pipe, seems a small cause to such a big and nasty thing as a railway strike; but such is human nature.

Saturday Review, 17th February, 1919.

"'WORKERS,' AS THEY ARE CALLED."

The Minister of Transport may be accounted a great man, but surely Mr. J. H. Thomas may be reckoned a greater. Hardly had the Minister sat down in his chair of office when Mr. Thomas called a strike on the railways. Sir Eric Geddes, even if he could, would never have done that, nor indeed would any other sensible man. Mr. Thomas subsequently gave half-a-dozen reasons for the strike, each of which differed from the other. Finally, he contrived to relate the strike to his demand that "*the workers," as they are called, though in truth they do not work more than other people,* should share in the management of the railways. Mr. Thomas

* Original heading.

announced that the workers intended to become railway directors, and, as the children's story has it, "to-morrow they did."

Leading Article in the *Morning Post*, 18th November, 1919.

EXACTLY !

We are not among those who grudge Labour its due influence on national policy. On the contrary, we have consistently argued in favour of every class being adequately represented in the Nation's councils. But so long as Labour, on its political side, is dominated by *the cant of internationalism and the doctrines of spoilation*, so long will the mass of trade unionists remain, in Mr. McGurk's sense, "politically unconscious." For the average working man is neither a member of the international proletariat nor a thief. He is quite a Briton, and very much of an honest man, and he will give his vote for a British and honest policy, whoever stands for it.

Evening Standard, 26th June, 1919.

WAR LOAN STOCKHOLDERS.*

Here, then, is the solution propounded by one who sees 17,000,000 of War Loan holders as idlers, toiling not nor spinning, from the school-child, with its solitary War Savings Certificate, to the disgruntled millionaire in his castle, all sitting in a sort of sheltered paradise and feeding upon manna that flows from the product of the sweated scrip-less masses.

What would he see if he had a still greater imagination ? Would he not see that army of toilers who spent and did not lend ? Who gratified their selfish inclinations to the full ? Who betrayed those who laid down their lives for their defence ? Who did not fight, but lived luxuriously ? Who care nothing to-day for the widows and the orphans left by their saviours ? Are these nobler than they who lent their savings to succour those who fought for them ? Are the latter less noble than those who struck for more pay ? Are they less noble than those who seized the Nation by the throat and used the menace of the garrotter ?

"SPECTATOR," in *The Financier*, 21st November, 1919, in Article on "Capital Levy."

[Comment would spoil the effect of the foregoing.]

* Original heading.

DIDYMUS OF THE N.U.R.*

A Character Sketch.

I have not the advantage of a personal acquaintance with Didymus, but the events of the last few weeks, during which he has been obtruded upon the public vision with a prominence which must have been very painful to so retiring a nature, have thrown his personality into sharp relief.

. . . . . .

It is to his credit that he had been so absorbed in the advocacy of Peace that, although he represented a body of men of whom not much more than 60 per cent. had stayed at home during the affair with Germany, he appears to have forgotten altogether about the War and the lessons in rapid organization which the Government had learned in the course of it.

. . . . . .

Other Labour leaders may confine the term Labour to the class that is engaged in certain forms of manual exertion; but Didymus is too broad-minded for that. He is well aware of the existence of myriads and myriads of other workers—struggling clerks, typists, shop-girls—who have never had their wages doubled to meet the rise of prices, and would be happy with half the earnings of a locomotive driver. No one knows better than he that it was this class—and not the rich, whom it scarcely affected—that suffered most by the strike which he promoted; and the thought was anguish to him.

Ever devoted to the cause of co-operation as between Capital and Labour, Didymus is confident that this great end can best be achieved by indirect methods which permit a temporary obscuration of the facts. This explains why his strikers were allowed to imagine that they were fighting for dear life against a body of bloated Capitalists in the persons of shareholders who had nothing whatever to do with the dispute, and belong for the most part to a class of society with incomes not exceeding his own. The view that the end justifies the means is often, as in his case, found to be consistent with the possession of a very sensitive conscience.

From an article signed "O.S.," in *Punch*, 15th October, 1919, after the Railway Strike.

* Original heading.

UNDERGROUND RAILWAY WORKERS.

He forced the aged cripple to face the snow and sleet,
Weak women and poor children to tramp the slushy street.
He sowed for Death a harvest—he struck for just a whim,
And, striking, slew a host—but what mattered it to him ?
But here he is again at work ! Ah, well, let's make pretence
We welcome him, despite his ways of studied insolence.
He will not be at work for long, for common-sense reveals
He's still a chance of striking for *No Work* between his meals.

Verses in the *Sunday Times*, 16th February, 1919 (after London Underground Railways Strike).

[One of the grievances of the men was that many of them had only 30 minutes for dinner.]

SPORT KEEPS THEM OUT OF MISCHIEF.

A Healthy Sign.

Was London pre-occupied on Saturday with the Peace situation and the possibility of armed action within forty-eight hours ? If so, it was highly successful in concealing its feelings.

As a matter of fact, I doubt very much whether Weimar so much as entered the thoughts of nine-tenths of the men, women and children in the street, most of whom spent the afternoon either gazing skywards to catch a glimpse of the aerial Derby or massing on the route of the Polytechnic Marathon—or both at once !

The national interest in sport, whether it be the Turf, the ring, football, coursing, or cricket, is a national asset *and a guarantee of social stability*. Given a healthy safety-valve of this kind, the country runs very little risk of falling a victim to Bolshevist fevers, which simply cannot live in the genuinely democratic atmosphere of games and athletics.

Evening Standard, 23rd June, 1919.

With forage and " flesh " at sky-scraping prices and the whole future of hunting in the balance owing to the tremendous expansion of poultry and damage claims, the spread of utilitarian wire, and the growing reluctance of farmers to have their land ridden over, it is comforting to hear that the best breeches-maker in London (in the opinion,

at any rate, of several distinguished cavalry regiments) has more orders for pink coats in hand than his books record for any previous season.

This enterprizing tradesman is reaping a reward for his courage in buying up all the pink cloth he could lay his hands on while his competitors in the trade were fighting shy of this risky article. I am told that by Christmas, at the present rate, he does not expect to have a yard of it left in his shop.

The pink coats stand for so much that is worth keeping in the rapidly changing structure of society that one may well, wish it a long life yet.

Evening Standard, 8th November, 1919.

STATE CONTROL OF RAILWAYS.

Those who desire to see the State extend its control of public services will find cold comfort in the statement on railway finance issued by Sir Eric Geddes yesterday.

Judged by its results, State control of the railways has been disastrous. Much worse service, much higher cost, and a vast deficit to be met by the taxpayer, are its outstanding features.

[But, later on, in *the same article*:]

and it is incumbent on Sir Eric Geddes to push forward with all speed that reorganization and improvement of the entire system of railway transport which *will save it from the obsolescence into which it was sinking before the War, and make it a help instead of a hindrance* in the economic life of the Nation.

Leeds Mercury, 8th November, 1919.

WHEN LABOUR WILL WIN.*

The Things to be First Accomplished.

Another 14 Points.

By Dennis Raynes.

To-day many people are wondering how soon it will be before the Labour Party is strong enough to have a majority in the House of Commons. I think that day will come—

(1) When it practices as much candour *inside* its ranks as it exhibits out of them.

* Original heading.

(2) *When it has the courage to tell the working man that nothing can exist unless he, himself, creates it.*
(3) When it realizes that ideals are not attained without ideas.
(4) When it drops the clap-trap meaningless phrases, the gutter catch-cries and the blandiloquent bombast, and caters a little more for the quiet thinker.
(5) When it drops this " Universal Brotherhood " stunt, and realizes that charity (in the Biblical sense) begins at home.
(6) When it really does admit that it is possible to work just as arduously and honestly in a black coat as in overalls and dungarees.
(7) When it realizes that " robbing Peter to pay Paul," even if legalized by Act of Parliament, is a dangerous doctrine.
(8) When it has the courage to dispense with the services of all the " hot-air merchants," the pseudo economists and the figure-jugglers.
(9) When it begins to look with suspicion on these " converts " from other parties.
(10) When it begins to gather as much *stability* as it has *ability*.
(11) When it treats those snob-Socialists with the levity and humour they deserve.
(12) When it fully realizes that while " it is excellent to have a giant's strength " it is *still* " tyrannous to use it as a giant."
(13) When it begins to use " large maps," large views, large minds, and—large sympathies.

And

(14) When it as conscious of its own weakness as it is of its own strength.

National News, 9th November, 1919.

[But one can forgive it all for the sake of the admission in Clause 2.]

WHERE THE NATION'S FUNCTION SHOULD CEASE.

What the Governments of Europe and America ought to do is to summon immediately a great international conference of bankers and financiers to consider the whole

problem of the exchanges in all its bearings and to devise remedies within a specified time. Such a conference could meet in Paris or London within a fortnight or three weeks, and would, of course, include representatives of the United States, the country most vitally interested in securing a market for its immense surplus production. The mere knowledge that it had been summoned, and that a time limit had been set to its deliberations, would serve to restore confidence and to dispel anxieties now felt by business men in all countries. The problem is not insoluble. If it were the world would be faced by irreparable disaster. It only needs careful handling, and no one who recalls the great financial achievements of the War will seriously contend that it is beyond the wit of man to discover a remedy for an unprecedented and largely unforeseen situation. Any conference such as is suggested must be attended only by experienced financial authorities of acknowledged eminence, *who must be free to devise their own plans without interference from the official element. When they have evolved the desired scheme it will be the duty of the Government to step in with assistance and provide such State guarantees as may be needed.*

Let the great Powers place the credit of their respective States at the disposal of some international commission, and let their participation stop there. *The execution of the plan, whatever it may prove to be, must be left to private organizations and must not be paralysed by the dead hand of Government control.* Existing banking machinery in all countries is perfectly capable of dealing with the practical execution of any scheme to the advantage of all concerned, whereas a Government Department would inevitably lead to the customary and characteristic muddle. The immediate need is international consultation at the earliest possible moment, and if Governments will not take prompt action on their own initiative they must be forced to act by the relentless pressure of public opinion.

Article on "Chaos of the Foreign Exchanges," in *Sunday Times*, 14th December, 1919.

[So, you see, the function of the State is to step in, after the business interests have evolved their scheme without interference, and guarantee the profits.]

AN APPEAL TO HISTORY.

Judging by some of the strong criticisms evoked by my evidence before the Coal Commission, the foregoing paragraph may cause some people to think that I am inimical to good dividends being distributed by companies, and perhaps I may be pardoned for pursuing the point. Under the present system it is incumbent upon every prudent person, who can do so, to save part of his income; those savings have to be invested, and naturally people look for the most profitable investments. In fact, I have evidence that many people, from Cabinet Ministers downwards (or should it be upwards ?), make use for that purpose of hints given occasionally in these notes—to their profit, I hope. Let no one be a hypocrite over these things. We are all looking for profitable investments. What is wrong, however, is a system which, in the case of some industries, means high, even though camouflaged, dividends and bonuses for a comparatively small number of people at one end, and indescribably sordid and painful lives for multitudes at the other; and if a great industry like coal-mining cannot bear the light of day in these respects, it had better be nationalized, otherwise we shall have a series of revolts on the part of the workers which will seriously and permanently damage all the industries of the country. In the last resort the prosperity of the Nation demands that ethical considerations should override financial considerations. There are some people—among them, I am sorry to say, many of the leaders of industry and finance—who think that the only way of meeting the present crisis is to use force. I think that, even from the point of view of finance and industry, the wisest course is to face facts and to nationalize the three great industries which are essential to every section of the community and every trade, and to supply those services at as near cost as possible, these being transport, coal, and power, for the reasons so clearly indicated on Monday by Sir Eric Geddes. History will decide which view is correct.

A. Emil Davies, in *New Statesman*, 22nd March, 1919.

PRIVATE OWNERSHIP MUST BE MAINTAINED.*

I offer my own personal opinion, held with all the energy I possess, that if I am to choose between these two alternatives of Nationalization or private ownership, I make the

* Original heading.

choice without hesitation. No price offered by the State would tempt me. I do not believe that the State would be able to pay the price which the railways are really worth. If less is paid, I am by so much defrauded. If they pay more, the railways will become a drag on the revenues of the State. In any case, to place the administration of property of such magnitude and of such vital importance to the community under Government control is to run the risks of a kind no prudent man would accept. If the case of Prussia is cited in favour of such a course, may we not on our side put France and Italy as flagrant instances against it?

I do not assert that the alternative is easy, but it is infinitely to be preferred to Nationalization. There is, I believe, no half-way house. We must select between these two, and I unhesitatingly select private ownership. Let the railways be returned to the present proprietors. These must however, be relieved of the fetters which now tie their hands and prevent them from managing their property in the best way. It is obvious that if the rates of wages are to remain at anything like the present level the railway charges must be largely increased. I suggest that all the present limits be removed and the directors have power to make such charges as will enable them to meet the enhanced claims on them. It is not only wages, but fuel and stores of all kinds, salaries, rates and taxes that have risen, and must be met out of the gross receipts. There must be a surplus out of which to pay dividends. This is true, not so much because of the interest of the present shareholder but for the sake of the future of the country at large.

SIR HUGH BELL (Colliery Owner and Director, North Eastern Railway), in address to Manchester Chamber of Commerce, 16th January, 1920.

On the North Eastern Railway the proprietors equipped and furnished to the Government a complete battalion ready for the field. The men in the employment of the company at the outbreak of war have taken service in numbers amounting to nearly a division. From the superior management have been provided five or six men who are held in the highest esteem by those who best know the services they have rendered, while the name of one is known to the whole world. I speak only of what I know. I do not doubt that

the other railways, each in its degree, have done at least as well as the North-Eastern Railway. Should we not pause before we do away with our organization which in our extremity gave us such results ?

SIR HUGH BELL, Introduction to "Industry and Finance," issued by the British Association, 1917.

[No doubt the Nation is properly grateful to the *Proprietors* of the North Eastern Railway, who kindly permitted some of their employees to fight for their Country; but as an argument in favour of private enterprize it seems inadequate, for, surely, the State Railways of Belgium, France and Germany itself can claim with equal justice that they furnished battalions ready for the field, even though in these cases the *Proprietors* happened to be the Nation.]

THOSE MILLIONAIRE RAILWAY "SERVANTS."

Sir Hugh Bell, addressing the Chamber of Commerce, Newcastle, yesterday, on Railways and the State, said many increases given under Government direction and control to railwaymen had been exceedingly short-sighted. They must urge upon every railway servant not to let the thing pass out of the control of those whose daily interest was to manage it on economic and other grounds.

Daily Telegraph, 31st January, 1920.

[This can only mean that the railway "*servants*" are, in the opinion of this Liberal railway *director*, getting too much. Sir Hugh Bell is decidedly an asset to Labour, and should be encouraged to address meetings.]

CHAPTER XV.

POWDER AND SHOT.

In the following pages are given a number of extracts from newspapers, speeches, etc., of recent date, which contain points of value to speakers upon the subject of Nationalization, and, to others, may afford food for thought. No liberties of any kind have been taken with the text, but, in some cases, there being no headings in the original, I have put in one of my own. Where there was a heading, it has been retained, and all such original headings are indicated.

A. E. D.

FORTUNES "EARNED" BY SIMPLY WAITING FOR THEM (*Official*).

A Family Investment

RECENTLY a family of ten walked into a London Bank and astonished the cashier by buying, each one of them, 500 Savings Certificates. The total cost of the Certificates was £3,875. In ten years' time that family will receive back Six Thousand Five Hundred Pounds !—a clear profit of £2,625 earned by simply waiting for it !

Of course, it is obvious that such a family must be fairly wealthy. Most families cannot contemplate investing thousands

The point of the story, however, is this. If Savings Certificates are good enough for the wealthy to buy them "up to the hilt," they are good enough for YOU, who can, perhaps invest only hundreds, or tens, or pounds.

Savings CERTIFICATES

Buy them YOURSELF.

Advise YOUR WIFE to invest her housekeeping savings in them.

Teach YOUR CHILDREN to save their pocket money to buy them

If you hold a 15/6 Certificate for 10 years you get back £1. 6s. 0d

EVERY CERTIFICATE YOU BUY ADDS HALF-A-GUINEA TO THE FAMILY FORTUNE

Savings Certificates are obtainable through a Savings Association or from any Bank, Money Order Post Office, or Official Agent.

[The foregoing official appeal was advertised shortly after the great railway strike, in October, 1919, in

several papers, including the *Daily Herald*. The official admission that a wealthy family gets this large increase of wealth "by simply waiting for it" is interesting—for somebody has to work to make the things that can be purchased by this increased spending power. This advertisement would make a good Labour Party election poster.]

WEALTH IS THE WAGES OF ABILITY.

YOUTH SPENDS £29,000 IN JUST OVER 12 MONTHS.

The story of how a young man went through a fortune of £29,000 in little over twelve months, and ran into debt to the extent of nearly £1,000, was told at Guildhall Bankruptcy Court yesterday, when Geoffrey Peacock, of 10, Dapdune Crescent, Guildford, formerly a captain in the Army, appeared for his public examination in bankruptcy. He attributed his failure to betting and extravagant living.

He said he became entitled to about £29,000 under the will of his father on reaching the age of 21 in July, 1913. He began living expensively and betting and gambling when he was 17½, and by the time he inherited his fortune he owed his brothers £8,000, which he repaid. Of the remainder about £5,000 went in betting and gambling. By the end of 1914 the whole of his fortune had gone.

In reply to the Official Receiver, Peacock said he spent £1,010 on a pearl necklace and £258 on a pendant for lady friends, and there were other gifts of jewellery to lady friends.

Daily News, 8th November, 1919.

BANKER'S BIG FORTUNE.

Mr. Francis A. Bevan, of Park Lane, formerly a partner in the old private bank of Barclay, Bevan, Tritton & Co., a director of many companies, one of H.M. Lieutenants for the City of London, and a former High Sheriff of Middlesex, left unsettled property of the gross value of £410,879. 15s. 9d. He left £1,000 to the widows and orphans fund of Barclays Bank, and stated that he left no other bequests for charitable or religious purposes, as he gave to such objects in his lifetime as his means permitted.

Sunday Times, 21st December, 1919.

ADVANTAGES OF PRIVATE ENTERPRIZE.

Mr. Aldcroft, secretary of the Refuge Company, said, in reply to the chairman, that they had a capital of £300,000. The directors, numbering seven or eight, owned sufficient shares to control the appointment of the directorate. They allotted to themselves salaries and fees amounting to £63,000 a year under the articles of association. In addition, two members of the Board drew £4,020 in commission as controllers.

The chairman said he had never heard of any company paying such very large sums.

Mr. Alfred Watson : Your Board of Directors has preferred salaries and fees voted by themselves in preference to financial security for the policy holders.

Witness : I would not care to put it in that form.

Evidence before the Board of Trade Special Committee on Industrial Assurance, 20th October, 1919.

WHAT THE NATION NEEDS IS INCREASED PRODUCTION.

For sale by private treaty, Great Saxham Hall, with its appurtenances and well-timbered park lands, extending to some 250 acres, and situate between Newmarket and Bury. The Hall was thoroughly renovated and fitted with every modern convenience as recently as 1913, at a cost of some £30,000. An extensive range of stabling, Garages, and other buildings, including several detached cottages, stand at a retired distance from the mansion. Adjoining the park lands are several very good farms that can be vacated and sold, if desired, and interspersed around the property are six woods standing on over 200 acres and containing some of the finest, if not the finest, oak trees in the country. The whole is situate in one of the best game districts in the county and adjoins the estate of the Marquess of Bristol. For particulars apply, etc.

Advertisement in *Stock Exchange Gazette*, 24th July, 1919.

[The phrase "several very good Farms *that can be vacated and sold*" is very prettily worded; it means that the farmers who are producing food can be turned out by the purchaser.]

Small country house and 200 acres of excellent corn-growing land for sale, situated 30 miles from London, and five miles from a main line station, in a beautiful part of Essex. The house, which stands in its own grounds, and is approached by a fine avenue, is in excellent order. It contains seven bedrooms, three reception rooms, kitchen, scullery, lavatories, bathrooms, etc., but plans have been prepared by which the house would be enlarged to contain four reception rooms, including a large hall and billiard room and 11 or 12 bedrooms. The nag stabling for four or five hunters (three loose boxes) is extremely good. There are coach-house, garage, etc., bailiff's house and four cottages, with all the necessary farm buildings. Hunting with three packs of hounds, including the stag. The shooting is excellent, and more could probably be had in the neighbourhood. The property would make an excellent home for anyone wishing to live quite in the country but still within reach of town. The owner will be pleased to send any further particulars to genuine prospective purchasers, but no letters from agents or lawyers will be replied to.

Advertisement in *Stock Exchange Gazette*, 18th December, 1919.

THE RAPACITY OF THE AGRICULTURAL LABOURER.

I say in all solemnity that the agricultural labourer will make a mistake if he takes advantage of the present labour shortage to drive too hard a bargain. . . . I want in all solemnity, as a real friend of the labourer, as one who advocated his case before the War, to ask him to consider carefully the conditions, and not to insist upon conditions which will make national production impossible in this country. We must have the co-operation of all classes—farmer, landowner, and labourer, and State—to make this a success. Co-operation is the word for Capital and Labour in all industries at the present time, and without it we shall fail

Mr. Lloyd George's Speech at Caxton Hall, London, 21st October, 1919.

[The Agricultural worker is not to ask for high wages, but is urged to *co-operate* with the owners of estates

like those mentioned in the foregoing advertisements, and other hunting gentlemen !]

INCREASED PRODUCTION AGAIN.

At meetings of the East and West Aberdeenshire Agricultural Executive Committees, held in Aberdeen, it was reported that several of the forests and grouse moors which had been open for sheep grazing during the past three years were now to be closed to sheep, and to be used entirely for sport. The committee viewed this with considerable alarm, and the secretary was instructed to report the matter at once to the Board of Agriculture for Scotland, and to point out the importance of steps being taken to prevent the return of these moors to their pre-war purposes—the preservation of deer and winged game. During the present season something like 12,000 to 14,000 sheep were pastured on the forests and moors in West Aberdeenshire.

Glasgow Herald, 13th October, 1919.

LANDLORDS AND HOUSING.*

It is quite useless to suppose that town planning can be carried out efficiently unless and until the authorities responsible for it have unlimited power compulsorily to purchase the land they may select. The Public Health Committee of Manchester at the moment is having one of its schemes held up because a landlord refuses to sell, and the evil of the present involved system of compulsion is patent.

Pall Mall Gazette, 20th March, 1919.

MORE FORTUNES "EARNED BY WAITING."

Sir W. Seager asked if the right hon. gentleman (Mr. Bonar Law) was aware that leaseholds were falling in in Cardiff on which the ground rent was £5 ; the owners were now asking for £400 ground rent ; and the payment for the reversion of £1,500 to £2,000.

No answer was returned.

Pall Mall Gazette, 20th March, 1919.

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* Original heading.

LAND LEASE SNARES.*

Judge's Warning to Soldiers.

Judge Mulligan, in a judgment at North Walsham County Court, uttered a warning to sailors and soldiers not to be in a hurry to sink their life savings in land until there is fixity of tenure. He continued :

" Experience has taught me that common printed forms of leases operate as snares for the illiterate. The Crown should, in my opinion, upon just terms resume the full ownership of all such lands as may be required and should make sailors and soldiers peasant proprietors, paying yearly rent charges to the Crown, and, subject thereto, holding direct from the Crown without any intermediate estate or interest.

" In that way, and in that way alone, England may hope to see a bold peasantry occupying the land."

Daily Mail, 21st March, 1919.

WOMAN AND THE CAR.*

What Olympia thinks of the Great Invasion.

" Money Doesn't Matter."

The Motor Show at Olympia grows in popularity. To-day it was a scene of sables, ermine stoles, and heavy wraps, with processions of men.

Tackling the chiefs at the stands, I asked questions. Among the £1,000 to £1,700 machines, I asked, " How's business"? "

" Still booking. Everybody wants the best. The women are ordering everywhere. We've got premiums on advance deliveries. There's any amount of curiosity about the novelties."

I tried the smaller zones—£350 to £800. And again :—

" How's business ? " " Look at that! Thirty-five cars since Monday. There's a big rush for smaller varieties Money doesn't seem to matter, delivery is the thing. Much in advance of Paris for real business."

* Original heading.

AMONG THE FOREIGN CARS.

So I tried the American and French stands. And, yet again :—

"How's business?" "We do not grumble. I think we shall place our machines of every type on the British roads this time, and there will be more orders to follow. We have a certain pull in delivery. There's a rush for French and American machines"—and so forth.

Everybody seems satisfied that never has such good business been done at a British motor show.

"Do you find buyers come with their minds already made up?"

"Oh, no," said the chief at one of the "really-good-thing" stands.

"One well-known gentlemen has been here four times with friends to demonstrate the points of his prospective purchase, and some have been twice before I booked an order."

THE BARGAINERS.

"Is there any tendency to bargain?"

"That is exceptional; but you find in the cheaper varieties the bargainer still exists. He—and especially she—wants the odd £50 knocked off, while in the higher-priced vehicles list price is accepted generally, and without discussion."

Evening Standard, 3rd November, 1919.

"SUPER SPORTS CLUB."*

(Special to the *Westminster Gazette*.)

A "super sports club"—that is Mr. Grahame-White's description of the remarkable building which is now open at Hendon. It is to combine the attractions, he claims, of Hurlingham, Ranelagh, Queen's Club, and Stoke Poges!

This is a somewhat ample claim, but there is much to be said for it. The London Flying Club is a palatial affair, boasting eighty bedrooms and a ballroom, in which 1,500 people can dance, we are told, without a crush! Flying, with all that belongs to flying, theoretical and practical, is the main thing, but in addition to this most recent of all the sports there are to be golf, tennis, racquets, skating

* Original heading.

(on real ice), swimming, shooting, flycasting, croquet, fencing, and boxing. Possibly a few more pastimes may be thought of, and duly incorporated, as the venture develops. The first tennis tournament is to take place next week.

In short, the new club is England's nearest approach to the American country club, with the thrill of aviation just beyond the terrace. The aviator is expected to step from his machine, just as he would step from a motor-car, stay the night at the club, and fly away—to another club, possibly —the next morning, that is, unless he desires to prolong his visit.

Members who own aeroplanes may garage them on the club grounds and have them kept in "running" order. Passenger machines will be kept in readiness for hire by members. In the Flying School, close at hand, members who are not yet aviators may learn both ordinary and stunt flying. All officers of the Navy, Army, or Air Force, who have gained the V.C. for gallantry in connexion with aerial services are offered honorary membership.

Here is the ultra-modern type of club-life, with a private aerodrome of eighty acres, furniture which has been made in an aircraft factory, a kitchen for which the management claims world supremacy, and a permanent Hawaiian band!

Westminster Gazette, 19th September, 1919.

[The money accumulated by the few under private enterprize, or "earned by simply waiting for it"* has to be spent somehow or other.]

DIRECT ACTION.

Sir Adam Nimmo has been telling members of Parliament what will happen if the Government carry out their promise made six months ago, to limit profits to 1s. 2d. a ton.

If the proposals of the Government were carried out there would be a slowing down of output, and there would be a much smaller output than had recently been the case. That would be at a time when there was a very urgent demand for increased output in the various industries of the War.

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* See page 214.

The language is plain enough, the intention is plain enough, the threat is plain enough. This is no street corner agitator, but a responsible person, and if the Defence of the Realm Act doesn't cover his case a Mines Nationalization Act should.

Daily News, 22nd November, 1919.

FISH FARTHING A POUND.*

SOLD TO MANURE WORKS BY HULL MERCHANTS.

(*From Our Own Correspondent*).

Hull, Saturday.

There was this week-end such a glut of fish at Hull that it has been sold to manure works at a farthing a pound. The fish was quite edible, but owing to the glut owners could not afford to send it south when large Danish supplies were cheapening the Billingsgate market, especially as other fishing ports were similarly situated.

Street sellers were only getting 3d. a pound for sound fresh fish. Prices were lower in many instances than in pre-war days.

Westminster Gazette, 22nd November, 1919.

OUR GOVERNING CLASS.

Surely what the Government ought to have done, as soon as they had admitted the principles of the Whitley reports, as they said, as one of the main parts of their future reconstruction policy, was to begin with an important industry like the railways. The Railway Executive ought to have been no longer a body of railway managers alone, but a joint industrial council of the railways on which the railway management had their place, but sitting along with them in council, dealing with the difficult constructive problems that arose during the War, would have been Mr. Thomas, Mr. Cramp, and the other leaders of the men employed on the railways. In my view, if that joint constructive work had been done through the War period, what we have seen in the last nine days† would never have happened.

RT. HON. J. H. WHITLEY, M.P., in speech on "Industrial Administration," delivered at Manchester, October, 1919.

* Original heading. † The railway strike.

BRAINWORKERS BEGINNING TO THINK.

We have said that the employers do not regard the technical men as belonging to their camp, and in one sense they do not. They do not want to sit down on the same side of the table with staff men who represent staff men alone. There is another sense, however, in which the employers regard the staff men as being on their side, and it is as certain as anything can be that they will expect their interests at some stage or another, if not at all stages, to be represented by those men.

For the existence of this view, in the first place, the brainworkers have no one to blame but themselves. They have patiently acted, time and again, as the catspaw of the employer in his dealings with organized labour, and the employer has naturally come to believe that this (for him) most fortunate state of things will continue indefinitely. But of gratitude for, and appreciation of, such action there is no sign; and it is not long since the representative of an important section of the trained men was told to run away and play with Mr. Henderson, and not to try to associate with his betters.

In this state of confusion it cannot be matter for surprise that the technical man begins to wonder where his duty really lies. It is one thing to be told he is a fine fellow, of undoubted loyalty, and invited to stoke a locomotive or be a citizen guard, and another to be told that his place is in outer darkness, and this, as we have shown, by both parties.

It is the Government, and the Government alone, that can, and eventually must, redress matters. The trained administrators of industry are part of the State, and will, we are confident, do their duty to the State, always, and possibly a great deal more faithfully than either Capital or Labour. The representatives of the State, therefore, after full consideration and inquiry, must provide for them that place in industrial organization which is their right and their due, and which they alone are competent to fill.

Electrical Review, 28th November, 1919.

OUR GOVERNING CLASS.

Under a Labour Government you would probably get subsidies for all the theatres, but not from the present

aristocratic and bourgeois governing classes, who do not want opera to become anything but aristocratic.

SIR THOMAS BEECHAM, in *National News*, 21st December, 1919.

[The appalling results of the present system are that the masses are starved not merely of the material, but also the finer things of life. The above tribute to Labour is the more valuable as the name of Sir Thomas Beecham appears as one of the prominent members of the British Empire Union, which is running a campaign against Nationalization.]

GOVERNMENT SUGAR FACTORIES NEEDED IN JAMAICA.

A system of Government co-operative factories would also prevent the development of large capitalistic and monopolistic combinations that might react adversely to the interests and progress of the cane-growers.

Chamber of Commerce Journal, November, 1919.

[This extract is the more noteworthy in that the London Chamber of Commerce and the *Chamber of Commerce Journal* are generally very strongly opposed to State undertakings.]

THE BATTLE OF THE RAILWAY WAGONS.

SIR ERIC GEDDES ON COSTS.

The railway companies were waiting to place orders for 5,100 more wagons with private builders. The railway companies had ample reserves of wagons. No restraint was being placed upon building wagons, and there was no reason why very much larger orders should not be placed so far as the finance of the railway companies was concerned. The Government had not been holding builders back in that matter, but the price that was being asked was enormous The contractors were safeguarded. There was no prospect of holding them to a date of delivery.

To show what the prices asked were running to, he would give some examples. A 12-ton ordinary wagon to-day was being quoted for delivery at an uncertain date, at from

£350 to £400. That was £100 to £150 over the present railway shop cost of building. Even Woolwich Arsenal, which had never built wagons before, was able to build at £297. A 16-ton mineral wagon was quoted at a cost of £278; the present day cost of building in the railway companies' shops was £200. Orders had been placed for 10-ton wagons at £270; the present-day cost in the railway companies' shops was £180. Other comparisons included 20-ton steel wagons at £359, against £270; a 20-ton goods brake van, £965, against £680, and a pre-war cost of £270; a covered goods wagon, £302, against £255; another similar wagon, £415, against £335. A 12-ton goods wagon at Woolwich Arsenal cost £297; the railway shops £225; the outside cost, £360 to £395, and the pre-war cost was £90. (Cries of "Oh!") A railway fish wagon cost £1,090, as compared with the railway shops' cost of £353.

Orders Awaiting Reasonable Prices.

Sir E. Geddes replied that the companies were charging replacement, and they were bound to do that.

He did not believe, when they had got the wagons over from France, when they had overtaken the repairs, and when they had got the improved working which a more unified system of railways would bring, that they would be in such a desperate strait as to be obliged to pay such a great price for the wagons. If they were, they were going to load the railways of the country. It was not the shareholders, but the State, that had got to pay, and he did not see why they should pay such enormous prices. He had said that they were ready to place orders for 5,000 more wagons. Those orders were waiting until they got a reasonable price and a reasonable chance of delivery. If any hon. member knew of wagon works which would take up those wagons at the proper price he would be very grateful for his information.

He did not wish, however, to appear to be accusing the private builders of being unpatriotic, but their trade was getting on very nicely. (Laughter and "Hear, hear.") In October the export of wagon parts from this country, as shown by the Board of Trade returns, was £387,000; In October it was £542,000. For the eleven months of this year the amount was £2,000,000, so that in the last month the exports amounted to one quarter of the value for the year. That was good business; it improved the exchange,

and it was bringing money into this country. The Government did not want to stop that ; in fact, there would be an outcry if they did. He did not think the Government would be justified under the circumstances in coming to the House and asking for power to control or interfere with the ordinary development of those firms. He believed the quickest way to improve matters would be to concentrate on the repairs.

State Wagon-Building "Probably Best."

There was an alternative, and that was to do what the Government did in regard to munitions. Wagon-building once they got the parts, was not such a very difficult thing. They did it with completely unskilled labour in France, at prices which compared favourably with any in this country. The State could undertake to set up wagon-building establishments, and that was probably the best thing to do. Wagon-builders knew their own business perfectly well. If they preferred to make high profits now and export their output, the country must take such steps as seemed fit to provide for the further depletion of wagons. The Government would be criminally negligent if they did not provide for wagons for 18 months or two years ahead. He believed that erecting wagons in shops could be done by demobilized soldiers. At present they had a difficulty with the trades unions, who were wagon workers, but the Ministry of Labour was dealing with that. He thought that shortly they would be in a position to say they could undertake that work, and he was sure they could do it at more favourable prices, and they would avoid interfering with the wagon builders in their legitimate business. He hoped they would get a settlement before Christmas.

Sir Eric Geddes, Minister of Transport, speech delivered on 10th December, 1919, to a meeting of members of the House of Commons on the railway situation.

RAILWAY WAGONS—A PROTEST.

Nearly 60 members, representative of trade and industry, met at the House of Commons last night to consider the serious situation which has been caused by the deficiency of railway wagons. Sir Edward Goulding presided. The statement made by the Minister of Transport to the members who met him last week, was strongly criticized. Besides

representatives of the British Commonwealth Union and the Federation of British Industries, the speakers included Sir Arthur Steel-Maitland, Sir Owen Philipps, Major Lloyd Greame, Mr. Lincoln Chandler, Mr. Jephcott, and Mr. Spencer. The following resolution was unanimously adopted :—

"This meeting of members of Parliament regards the statement made by the Minister of Transport, in Committee Room 14, on the 10th inst., that it was the policy of the Government to start railway wagon building in the national factories, as unfair to employers and labour already interested in the industry ; as injurious to national interests, and as a repudiation of the pledge given by the Government in the House of Commons on 5th March last, and repeated on 27th October last, to the effect that it was not the policy of the Government to use national factories for the manufacture of railway wagons in competition with private trade ; and as inconsistent with the policy of the Prime Minister as expressed by him at Manchester."

It was decided to urge this view upon the Government, and the deputation was appointed to wait on Mr. Bonar Law. The members nominated to serve upon the deputation were Sir Edward Goulding, Sir Arthur Steel-Maitland, Mr. Manville, Mr. Leslie Scott, Mr. Nelson, Sir William Pearce, Mr. Jephcott, and Mr. Macquisten.

The Times, 17th December, 1919.

TRAFFIC CONGESTION.°

Mr. Bonar Law and Sir E. Geddes' Statement on Wagons.

Our Lobby Correspondent writes that, following on a meeting of members of Parliament on Tuesday, to consider Sir Eric Geddes' statement on the traffic and wagon position, Mr. Bonar Law yesterday received a deputation consisting of Sir Arthur Steel-Maitland, Mr. Leslie Scott, Mr. Manville, Mr. Macquisten, Mr. Jephcott, Mr. Nelson, and Major Lloyd Greame. The deputation urged that the figures quoted by Sir Eric Geddes were misleading. The wagon builders had denied the allegation that wagons could not be obtained from private builders except at excessive prices. It was

° Original heading.

pointed out that costs at Woolwich must be hypothetical, and that in any comparison with railway costs a comparable basis must be ascertained.

Mr. Bonar Law said that he would bring the representations of the deputation before the Cabinet. He pointed out that Sir Eric Geddes had not stated that national factories were to be used for wagon work, but that the Government might be forced to consider such a course if prompt deliveries could not be obtained fom the usual sources at reasonable prices. Mr. Bonar Law said that no departure from the declared general policy of the Government would be made without Parliament having an opportunity of discussing the question.

Daily News, 19th December, 1919.

"A DEADLY BLOW TO PRIVATE ENTERPRIZE."

. . . . So far as the public know, there is no possible justification for any departure from the pledge given by the Minister of Munitions so recently as March last, that the Government would not use national factories to compete with private traders. If this sort of Socialistic experiment is entered upon to placate implacable Labour extremists, a deadly blow will have been struck at that spirit of private enterprize which the Prime Minister has just told the Nation is the key to our commercial stability and progress.

Stock Exchange Gazette, 18th December, 1919.

STATE COMPETITION.*

Several times I have referred here to the dangers of the State entering into competition with private enterprize as a permanent manufacturer of railway locomotives and wagons.

The announcement made by Mr. Lloyd George at Woolwich to the effect that at least 100 locomotives for British lines were to be made there created a considerable flutter in industrial circles. A meeting was held on the whole question in the House of Commons just before the recess, at which the Federation of British Industries and the other interests concerned were fully represented.

As an outcome of this meeting a deputation was received by Mr. Bonar Law the other day, and I understand that a promise was made by him that it was not intended that the

* Original heading.

State should become a permanent manufacturer of railway rolling stock, and that Government armament works were simply being used at present to meet the temporary emergency.

Evening Standard, 31st December, 1919.

THE SUPPLY OF WAGONS.

To the Editor of the *Daily News*.

SIR,—As far back as March last, it was apparent that the shortage of railway wagons would prove a disturbing factor in industries; and here, it was thought, was an opportunity for the Arsenal workmen to break new ground, provided that the cost would bear comparison with that of other manufacturers.

How far the Arsenal succeeded is shown by the statement of comparative costs made by Sir Eric Geddes on the 10th inst., when he also said "that the State could undertake to set up wagon-building establishments, and that was probably the best thing to do."

This challenge has been accepted by Mr. F. Dudley Docker, chairman of the Metropolitan Carriage and Wagon Company, who claims to be prepared to supply as many wagons as are required, both cheaper and more quickly than any national factory.

This is just the point: Mr. Docker's firm are prepared to do this only after Woolwich Arsenal, working on direct labour, and as an experiment, have been able to produce wagons far below the manufacturers' prices.

We are confident that, given equal facilities, Woolwich Arsenal is capable of supplying national needs for peace time, with as much success as for the needs for war, and with as much profit to the tax-payer. In no case does Woolwich desire a subsidy for any work they undertake. Alternative work is viewed in the light of an experiment with a determination on the workmen's part to make it a commercial success, and to assist the Government in their efforts to secure for Great Britain her proper share of the world's trade.

F. THOMAS
(Secretary, Royal Arsenal All Grades Committee for Alternative Work),
20, Woodhurst Road, Plumstead, S.E.

Daily News, 16th December, 1919.

PARTY POLITICS.

We sincerely hope that trades unionists throughout the country are working quietly but diligently to win over to themselves the clerks, the teachers, and those who serve behind counters, so that they may be able, when the next election takes place, if not to win a majority in the House of Commons, at all events to succeed in electing so large a minority as will make the antics of the Government in Ireland impossible in the future, and will show to the world that we are not mere tyrants pretending to live under a Parliamentary Government. No other class is strong enough to uproot the rule of the idle rich, and the rule of the idle rich is the main enemy of the prosperity of the Kingdom and the Empire at the present time. We used to boast that this country was the richest in the world. We wonder if Englishmen, in any numbers, really realize what our wealth in actual fact was. As far as we have been able to learn from the Government itself, the number of persons in the whole United Kingdom who pay income tax is only 2,200,000. In other words, in the whole United Kingdom there are, if we assume five persons to a family, less than 11 million families capable of earning £130 a year. Now we need hardly point out to our readers that £130 a year, or, say, £2 10s. per week, is not what one would naturally say constitutes real wealth. On the contrary, the man who has a wife and, let us suppose, three or four children, and who has to provide for all of them, and to lay by something for his own and his wife's old age, has no more than £2 10s. per week to accomplish the whole feat. Clearly, then, the number of persons who who can be called rich in this richest country in the world is very small, and we brag that, nevertheless, our country is the richest in the world. If it is, has any reader ever asked himself how it has come to pass that people think this a really rich country? Is it not clear that the number of persons who are rich must be exceedingly small? And this small number of people is being called upon to govern the country, to begin with; to conduct all its trade, in the second place; to arrange for its protection by land and sea, in the third place; and, generally, to appear before the world as the representatives of the richest country upon earth.

The Statist, 20th, December 1919.

RAILWAY RATES AND FREIGHTS.*

Shareholders' Interests.

In the House of Commons last night, Col. Newman asked the Minister of Transport whether he was aware of the hardship caused to railway shareholders by the fact that, while other businesses and trades had been allowed to increase their charges to meet increased costs of production, railways alone were denied this right; and would he consider in any readjustment of freights and rates the claim of the shareholder to an increase of dividend to meet the increase in the cost of living.

Mr. A. Neal replied: The railway companies were guaranteed their 1913 net receipts under the agreement with the Government, into which they entered voluntarily, and, at a time of great uncertainty, railway shareholders, including holders of ordinary stock, were guaranteed against any loss of their income on the basis of this favourable year. I am unable to admit they they have suffered any special hardship.

In the revision of rates the object will be to place railway fares and rates upon an economic level.

The Financier, 19th December, 1919.

CLUB WAITER'S SUICIDE.*

"Suicide while of unsound mind," was the verdict recorded at a Westminster inquest on Thomas Hunt, aged 52, a waiter at the Chevrons Club, St. George's Square, S.W.

The Widow said that her husband had been ill for a fortnight, but the club authorities had promised to keep his place open until to-day.

When he went there this morning to resume work he was told that he was not wanted, his place having been filled.

He came home and cut his throat with a razor.

The coroner gave the widow, who has two young children, £1 out of the poor box.

The Star, 23rd December, 1919.

A FATHER'S ORDEAL.*

Heartrending Story of Life in One Room.

A speaker at a mass meeting of miners at Scremerston, on Saturday, mentioned the case of a miner forced to live

* Original heading.

in one room, who with his wife and one child were ill in bed, while coffins containing two other children lay at the foot of the bed.

Daily News, 22nd December, 1919.

DISTRIBUTION OF WEALTH.

I seek only to point out that the principle of accumulation based on inequality was a vital part of the pre-war order of society and of progress as we then understood it, and to emphasize that this principle depended on unstable psychological conditions, which it may be possible to re-create It was not natural for a population, of whom so few enjoyed the comforts of life, to accumulate so hugely. The War has disclosed the possibility of consumption to all and the vanity of abstinence to many. Thus the bluff is discovered ; the labouring classes may be no longer willing to forgo so largely, and the capitalist classes, no longer confident of the future, may seek to enjoy more fully their liberties of consumption so long as they last, and thus precipitate the hour of their confiscation.

PROFESSOR J. M. KEYNES in "The Economic Consequences of the War."

SLACK MIDDLE-CLASSES.*

I think the middle classes are in very grave danger of losing their influence on the life of the Nation unless they value adult education more than they are inclined to do at present. The middle-classes are apathetic, and they are not realizing the importance of education to anything like the extent that some of the workers are doing.

CANON MASTERMAN, in interview, in *Evening Standard*, 12th January, 1920.

THE WASTE OF COMPETITION.

When a business of real public importance can be carried on advantageously only upon so large a scale as to render the liberty of competition almost illusory, it is an unthrifty dispensation of the public resources that several costly sets of arrangements should be kept up for the purpose of rendering the community this one service.

JOHN STUART MILL.

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* Original heading.

STATE *v.* COMPANY MANAGEMENT.

The only reliable general principle bearing on the matter—i.e., the sale of commodities by the State—is that good private management is superior to bad State management, and that good State management is superior to bad private management. There is really no reason to suppose that, where public criticism is possible and freely allowed, State management is on the average either better or worse than the management of large joint-stock businesses.

PROFESSOR CANNAN, "Elementary Political Economy," 3rd Edit., page 132.

THE BANK OF ENGLAND.

There can be no doubt in the minds of the observant and reflective that the action of the directors of the Bank of England in raising the rate of discount to 6 per cent. at one of the most serious moments in the life of the Nation has raised the question of nationalizing the Bank or compelling some changes in its constitution. Probably never before has its policy created such opposition and dissatisfaction as now. Whatever doubts one may have entertained before as to the wisdom of raising the rate, there can be none now. These have been swept away entirely by the grave consequences that have followed and multiplied the embarrassments of a Government already faced with problems of colossal magnitude. These problems, by the lack of imagination of the Bank directors, have been made infinitely more complex.

. . . . . .

As for the foreign exchanges, we have only to point to the unfavourable course of these since the rate was raised in order to point the moral.

So one ends by putting the question mooted at the beginning of this article. Has nationalization of the Bank of England or greater Government control over it been brought nearer? Has the time come when the Court of the Bank must be reconstituted on modern lines? Must this institution alone remain an anachronism in the world-wide social revolution that is proceeding?

"SPECTATOR," in *The Financier*, 19th November, 1919.

MUNICIPAL BANKING.

It should be as easy for a municipality to run a bank as to run a tramway system. The principles and methods of banking are at least not more recondite than those governing the equipment and working of a generating station. Moreover, banking is, to those who understand it, a safe and profitable occupation. The security of the municipal property and the rates would strengthen the credit of a municipal bank in a way which is not open to any privately-owned institution. If other things were equal, the citizens would probably prefer to deal with a bank of which they were part owners and in the profits of which they would share.

But the arguments which apply in favour of municipal banking apply with greater force to State banking. For the credit of the State is greater than the credit of any municipality. There is, too, a definite State interest involved. The process of amalgamation has brought within almost measurable distance the time when banking will be a pure, as it is already a partial, monopoly. The Government is now compelled to guarantee the solvency of the leading banks in times of emergency, and although this compulsion is not expressed in any kind of contract it is perfectly well recognised to exist. It was admitted in August, 1914, and would be admitted again in like circumstances. As the individual banks have grown fewer and larger the duty of seeing that no one of them is in any danger of collapse has become a clearer responsibility of the State. The time is coming, if it has not already come, when the necessity for their absolute impregnability will involve an even closer and more direct supervision by the State. From that to complete State ownership or control is not a very big step. So important a monopoly as that of banking will not be allowed to remain indefinitely in private hands, and when the State explicitly recognises the responsibilities which already in fact exist, the municipalities will very possibly be the organs of local administration. Until then any municipal banks that may be started will have to compete with the existing institutions. Only experience can show what sort of a job they will make of it. In theory at least there seems no reason why, even if they do not enable

municipalities to borrow more cheaply, they should not be able to earn a commercial profit which would go in relief of the rates like the earnings of the gas department.

Manchester Guardian, 28th January, 1920.

IMPERIAL CABLES.*

Sir C. Bright and the All-Red Route.

At the British Association meeting at Bournemouth yesterday, in the section of economic science and statistics, Sir Charles Bright, member of the Institute of Civil Engineers, attracted a large audience by a paper which he read on "Inter-Imperial Communication by Cable, Wireless and Air Methods."

He said the War had produced a shortage of communicating links, with much telegraphic congestion and resultant delays, that needed to be considered with a view to remedying them. Moreover, the increased tendency and need of communicating with other branches of the Empire called for special and early action in political and trade interests.

The All-Red cable route required to be rendered a complete reality, as soon as may be, including a new absolutely British Atlantic cable, and a duplication of the Imperial Pacific line, with satisfactory independent land line communication between the two.

State Cables.

It was conceivable that national and Imperial interests could only be adequately provided by the State controlling at least one complete cable at all points of the British Empire, supplemented by an all-British wireless chain. The whole should be run at a single Imperial tariff common to all and independent of distance. Inter-Imperial communication should be mainly regarded from the standpoint of

(1) Its political value;
(2) For defensive purposes;
(3) As a means for developing inter-Imperial trade, and so helping to increase production.

The recently-established Telegraphic Communications Board, first urged by himself 17 years ago, should do much towards improving previously-existing arrangements.

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* Original heading.

The fields open to inter-Imperial air communication were also dealt with, air organization and routes discussed, and rationing of all aerial mail communications insisted upon. He commended the device of Mr. Holt Thomas, by which aerograms would form a link between telegraphic and telephonic systems.

There had been much wasteful spending during the War, but it would be very false economy if we either risked Imperial security by seriously lowering our aerial strength or impeding the highly necessary development of production by checking the corresponding development of commercial aviation.

Sir Charles was cordially thanked for his paper.

The Financier, 15th September, 1919.

INCOME-TAX PAYERS.

The working classes who are not organized like the trades unions, who are not so well paid, and who are less educated, form a very large proportion of the whole population of this country. We have frequently in this Journal called the attention of our readers to the very notable fact that the payers of income-tax number only about 2,200,000. The figures just given are not strictly accurate, for even the Government itself does not pretend to know exactly how many persons pay income-tax. But it is near enough for all practical purposes. According to the last Census, the population of the United Kingdom amounted to, roughly, 45½ millions. Consequently, it will be seen that the number of persons who themselves are in receipt of incomes amounting to £130 a year is little more than one in 20. We may, therefore, say with a near approach to accuracy that the number of persons who receive £2. 10s. a week, either from labour or from settled incomes, is only about one in 20; in other words, that the number of persons who earn in any way £2. 10s. a week is miserably small in this country, which before the War used to be said to be the richest in the world. . . . The vast multitude of our population is sunk in a misery that we who are fairly comfortable cannot even conceive its horrors. It is perfectly clear that the Liberals and the Conservatives have not done their duty. They profess to be the only people capable of governing.

Indeed, Mr. Churchill the other day deliberately set himself to prove that the trades unionists are unfit to govern because they are too ignorant and too unpractised. And yet we find, in the face of this rather impudent assertion, that there are less than 2½ millions of people in the whole of the United Kingdom who, in the opinion of the Government, can be made to pay income-tax. We may be asked: Will the conferring of power upon the trade unionists change all at once the condition of those who are not trades unionists, but somewhat poorer and more hopeless? We answer freely and frankly: The mere transfer of power will do nothing, absolutely nothing except the trades unionists and those who work with them—such, for example, we hope, as their employers—have an opportunity to carry out reforms which everybody knows to be desirable, but which the two governing parties have deliberately refrained from carrying out because they were afraid of arousing the anger of the favoured classes. They would not alter the land laws lest they would bring down upon their heads the anger and opposition of the landowners; and they would not increase the freedom of their workers until the workers proved themselves too strong to be held in restraint much longer. What the calling of the trades unionists to power will do is that it will give them an opportunity to improve the condition of all the poorer classes; and it will be hopeful because the trades unionists have an interest in very many, at all events, if not all, of the reforms required to raise those who are poorer, more ignorant, and more distressed than the trades unionists.

The Statist, 10th January, 1920.

BIRMINGHAM IRON MARKET.*

Inflation of Raw Material.

Business in the iron market continues to move within cramped conditions. This was the prevailing characteristic at yesterday's weekly meeting at Birmingham. *Producers of iron hold the key to the situation now. They are able to dictate their own terms, for demand is much greater than*

* Original heading.

supply. The output of pig-iron shows no very definite signs of increasing, and the shortage gives smelters the opportunity, if they choose to avail themselves of it, to further increase the already extravagant prices put upon their product. As much as 160s. is being paid for Derbyshire No. 3 foundry, and within 5s. of that figure for force. Northamptonshire gray forge is reported to have changed hands at 140s. If these prices were general, the outlook would be more disquieting than it is.

Birmingham Post, 20th June, 1919.

[The italicized sentences seem to be a pretty complete indictment of the present system, which is based on "the law of supply and demand."]

REFORMS NEEDED.

If every Government department were a model of efficient economy, if Treasury control were liberal in its ideas, yet strict in its supervision, the financial state of the country would still be parlous so long as Parliamentary prestige remained at its present low ebb and private extravagance flaunted its excesses before the eyes of individual penury. The Prime Minister and his colleagues must strive to regain something of the spirit of pre-war Parliamentary Government. If the Government persist in ignoring it, they are in effect conspiring with the enemies of representative institutions to bring Parliament into contempt—a most dangerous proceeding, for which the Prime Minister will be held responsible. Mere appeals for thrift will have little effect. There must be a resolute policy. *What prospect is there that the plain citizen will listen to Government appeals to stint his already straitened expenditure, or that Labour will abstain from continual agitations for increased wages, so long as individuals are fat with the immense profits of the War years, and company after company announces enhanced dividends on capital watered to more than double its pre-war bulk?* These are some of the abuses which the Prime Minister must attack.

The Times (Leading Article), 16th October, 1919.

THINGS THAT TOMMY NOTICES.*

Life in Germany and at Home: Some Caustic Comments.

Lessons from the Fatherland.

By an Officer in Cologne.

There is an old military axiom which teaches the wisdom of "learning from the enemy." I don't think it would be unpatriotic if we Englishmen showed ourselves willing to learn from the enemy in some social matters also.

I have been led to make these reflections by some of the things I have seen in Cologne. Since I came here as part of the Army of Occupation I have seen a good many things which make a man put on his thinking cap. Some of these things cannot very well be put down in print now, but as they say in melodrama, "a time will come!"

There are some things, however, which ought to be said at once, now that the British Government are on the eve of embarking on large schemes of social betterment. Let me indicate one or two.

A large number of British soldiers are billeted in the private houses of the working classes here. And they are saying pointed and significant things about the conditions of life in Germany and in England. They are making many pertinent comparisons, and the comparisons are by no means all favourable to the country they are longing to return to.

The British Tommy, *en passant*, besides being on the average the very salt of the earth, is an observant man, and "werry free" with his opinions on things in general. He gives his food to German children; he walks out with German girls; I have heard him say "Mother" to German housewives in his billets. All very reprehensible, no doubt, but all in accordance with instincts which are stronger as well as nobler than war and hate and killing.

Electric Light for All.

Now, one of the first things noticed by the British soldier in Cologne is the system by which every house is supplied

* Original heading.

with electric light—and often with heat and power—at a very low flat-rate. I believe it works out at something like 2½d. per unit for lighting, and less for heat and power.

In other words, the cleanest, healthiest, and most sanitary system of lighting in the world is made available for the houses of German workmen at a price far lower than oil or gas or candles would work out at. And yet it is done at a profit.

How is it done? *Well, it is, of course, done by communal enterprize.* I am told—though I only know at first hand what concerns Cologne—that this system prevails practically all over Germany. Compare it with the English system, or lack of system, and you can at once perceive the penalty to be paid when a necessary public service is handed over to private exploitation and profit.

In a town not 30 miles from London my own mother pays 10d. per unit for electric light, and there are places where even more than this shocking profiteering charge is levied. But Tommy notices most of all the comparison which this cheap electric light makes in the cleanliness of the small houses or flats as compared with the gas-grimed condition of his own dwellings in England, where he has to "decorate" practically every spring if his ceilings and walls are to be anything but a mass of soot and grime.

. . . . . .

Then also they notice the public houses—naturally. Here they see rooms comfortable and spacious, with decent accommodation, a good band, and no inducements simply to make your visit a succession of quick drinks. A girl may accompany her husband or sweetheart to such places with dignity and comfort. Well, our brave Tommy compares these places with the dirty and disgusting holes which do duty as public-houses in English cities and towns, and he says nasty things.

But he is a happy-go-lucky, careless gentleman, is the British Tommy, or it would go hard with some of our "pastors and masters" in the homeland.

National News, 4th May, 1919.

MUNICIPAL ELECTRICITY.

We may judge what could be done with coal-mining by what has been done with electricity through public ownership. The electricity supply undertakings of the United

Kingdom are partly municipal and partly capitalistic. Here are the sworn facts as to the results for the year, 1913-14 :—

Whereas the local authorities employed £53 per kilowatt installed, the companies employed £79.

Then as to charges. Whereas the companies charged nearly 2½d. per unit, the local authorities charged only 1½d. per unit.

One rarely sees facts like those brought out in the public Press, because there are so many persons interested in concealing those facts and in publishing broadcast statements that public ownership is a failure.

SIR LEO CHIOZZA MONEY in *Daily Herald*, 17th November, 1919.

WHAT CANADA IS DOING.

In Ontario there is on foot a project which will interest many English investors. A fierce battle, into which politics have been introduced, has been waged for years between Sir Adam Beck, chairman of the Ontario Hydro-Electric Commission, and a tireless apostle of public ownership, on the one hand, and the numerous privately controlled power interests of Ontario, in which the Mackenzie and Mann group are heavily involved, on the other. There have been serious criticisms of Sir Adam's financial methods, but his energetic advocacy, and the record of some of his enemies, secured popular endorsation for his schemes, and have now placed him in strategic control of the situation. The Toronto *Star* now asserts that the privately-owned electrical interests centring round Niagara Falls and the Mackenzie and Mann radial railway-lines are now willing to capitulate and sell out to the Hydro-Electric Commission, which is a State institution. Negotiations are now under way for a transaction which will involve many million dollars, and will include the purchase of the Toronto Electric Light Company and the Toronto Street Railway Company. Sir Adam asserts that he will not rest content until all the water powers and generating plants in Ontario are owned by the people and operated for their benefit.

The Economist, 6th December, 1919.

NATIONAL ELECTRICITY SUPPLY.

The Government's Bill will not play the part it might in the economic development of the country. Electricity supply will be in the hands of a number of self-contained District Boards, which will have regard only to their areas. Each Board will fix its own prices, subject to the approval of the Electricity Commissioners. In the less-developed areas, the extended use of electricity will be hampered by high prices. Regions already fairly well supplied and the more densely populated districts will be in a much better position than those parts of the country where electricity is little used. The latter areas will be penalized, because of their unfortunate sparseness of population. It is clear that the recolonization of our country is desirable, and that we should take every possible step to assist in the development of the country's resources. The present Bill will do next to nothing in this direction. The only statesmanlike plan is to make the generation of electricity a national service, and to supply electric current to the distributors of electricity at a common price. In the national interest it is as important that the quarries of North Wales and agricultural areas should have electricity as cheap as Lancashire or Yorkshire. Whatever else the Bill may do it certainly will not secure this. Looking at the Bill as a whole, it shows a lack of courage in dealing with this problem. For the generation and supply of electricity it does not create the great national service which is one of the absolute essentials of future British efficiency in production. There is obvious need for the ablest criticism that can be brought to bear.

The Observer (Leading Article), 18th May, 1919.

ELECTRICITY BILL.*

Private Enterprize retains its Rights.

The Electricity Bill has at last finished its somewhat dramatic career with a very creditable result. The quasi-Nationalization of the industry which was threatened until the Bill reached the House of Lords, and to which we drew attention, has been wholly abandoned in the final amended

* Original heading.

Bill, and private enterprize has been left in possession of its rights and given good opportunity of future development —that is, if it now takes energetic initiative in the direction of co-operation.

The electric supply companies have, therefore, scored a great success, all the more creditable that it was secured at the last lap.

The Financier, 24th December, 1919.

PUBLICITY.*

Labour's Research Department.

An Example to Capital.

By Cerberus.

During the last few months the marked improvement of the manner in which Labour has presented its case to the general public has been very noticeable, and, on the other side, the case presented by the employers has been markedly lame, feeble, and badly expressed.

Labour realized during the railway strike that the determining factor in industrial disputes at the present time is that of public opinion, and those who are observing closely the present social disturbances would be well advised to direct their attention to the organization of the Labour Research Department, and to consider whether the claims of private enterprize do not need to be supported by a similar organization. The Labour Research Department, which is now quartered at Eccleston Square, is a growth from the Fabian Research Department. Trades unions, Socialist societies, co-operative organizations, trades councils, and the various sections of the Labour Party belong to it.

A little over a year ago the department was reconstituted on a wider basis, some of the most far-sighted and fresh brains of the Progressive Party being co-opted on the committee. Inevitably Mr. G. Bernard Shaw and Mr. Sidney Webb found their place there, and a young Oxford man, Mr. G. D. H. Cole, a Fellow of Magdalen College, Oxford, was selected as hon. secretary. Mr. Cole is not yet 30 years of age, and at the age of 23 he had

* Original heading.

already won for himself a leading place in the Labour Party. Among other powerful intellects on the committee must be counted Mr. J. J. Mallon, now Warden of Toynbee Hall; Dr. Ethel Bentham, Professor F. Hall, and Mr. G. H. Stuart Bunning. Sir Sydney Oliver, who was formerly Permanent Secretary to the Board of Agriculture, is chairman of one of the sub-committees.

The committee is studying with real care such subjects as the control of industry by co-operators, industrial life assurance, the working of the Health Insurance Act, the prison system, the Workmen's Compensation Acts, and, most significantly, the possible development of such employers' organizations as the Federation of British Industries. The result of these investigations is that the Labour Party has now at its disposal an armoury of facts and figures to support their theories.

Employers' Inactivity.

On the other side there is practically no well-organized publicity section to oppose the Socialistic schemes which appear to many observers to be fantastic and elusive. Even the Federation of British Industries, which represents the greatest employers' amalgamation in this country, has made no real and determined effort to place the case of private enterprize before the country. In the pre-war days Mr. Mallock distributed a series of pamphlets containing valuable statistics, which were used chiefly by Conservative speakers. Since then Mr. Harold Cox has been practically a voice crying in the wilderness trying to expose the fallacies of the Labour case.

. . . . . .

Trained Publicists Wanted.

To compete successfully with brilliant young Oxford men like Mr. G. D. H. Cole and his zealous staff there must be found young men of enthusiasm, with a sincere belief that in individual effort lies the real road to national prosperity. Should the captains of industry, profiting by recent lessons, decide to abandon their stupid policy of ignoring public opinion until it is too late, and to forsake the policy of secret diplomacy and jealous intrigue that too often has wrecked industrial amalgamations, they must select a staff of trained publicists who understand thoroughly the Labour

point of view. These men, whilst sympathizing with Labour's aspirations for better conditions, must be able to show that such conditions can only be secured by whole-hearted co-operation between the four chief factors in production—money, management, materials and man-power.

Sunday Times, 11th January, 1920.

[Yes, but see the wise remark of General Page Croft, on page 201.]

THE LABOUR PARTY NATIONALIZATION PROGRAMME.

The Labour Party stands not merely for the principle of the Common Ownership of the Nation's land, to be applied as suitable opportunities occur, but also, specifically, for the immediate Nationalization of railways, mines and the production of electrical power. We hold that the very foundation of any successful reorganization of British industry must necessarily be found in the provision of the utmost facilities for transport and communication, the production of power at the cheapest possible rate and the most economical supply of both electrical energy and coal to every corner of the kingdom. Hence the Labour Party stands, unhesitatingly, for the national ownership and administration of the railways and canals, and their union, along with harbours and roads, and the posts and telegraphs —not to say also the great lines of steamers which could at once be owned, if not immediately directly managed in detail, by the Government—in a united national service of communication and transport; to be worked, unhampered by capitalist, private or purely local interests (and with a steady increasing participation of the organized workers in the management, both central and local), exclusively for the common good. If any Government should be so misguided as to propose, when Peace comes, to hand the railways back to the shareholders; or should show itself so spendthrift of the Nation's property as to give these shareholders any enlarged franchise by presenting them with the economies of unification or the profits of increased railway rates; or so extravagant as to bestow public funds on the re-equipment of privately-owned lines—all of which things are now being privately intrigued for by the railway

interests—the Labour Party will offer any such project the most strenuous opposition. The railways and canals, like the roads, must henceforth belong to the public, and to the public alone.

In the production of electricity, for cheap power, light and heating, this country has so far failed, because of hampering private interests, to take advantage of science. Even in the largest cities we still " peddle " our electricity on a contemptibly small scale. What is called for, immediately after the War, is the erection of a score of gigantic " super-power stations," which could generate, at incredibly cheap rates, enough electricity for the use of every industrial establishment and every private household in Great Britain ; the present municipal and joint-stock electrical plants being universally linked up and used for local distribution. This is inevitably the future of electricity. It is plain that so great and so powerful an enterprize, affecting every industrial enterprize and, eventually, every household, must not be allowed to pass into the hands of private capitalists. They are already pressing the Government for the concession, and neither the Liberal nor the Conservative Party has yet made up its mind to a refusal of such a new endowment of profiteering in what will presently be the life-blood of modern productive industry. The Labour Party demands that the production of electricity on the necessary gigantic scale shall be made, from the start (with suitable arrangements for municipal co-operation in local distribution) a national enterprize, to be worked exclusively with the object of supplying the whole kingdom with the cheapest possible power, light, and heat.

But with railways and the generation of electricity in the hands of the public, it would be criminal folly to leave to the present 1,500 colliery companies the power of " holding up " the coal supply. These are now all working under public control, on terms that virtually afford to their shareholders a statutory guarantee of their swollen incomes. The Labour Party demands the immediate Nationalization of mines, the extraction of coal and iron being worked as a public service (with a steadily increasing participation in the management, both central and local, of the various grades of persons employed) ; and the whole business of the retail distribution of household coal being undertaken, as a local public service, by the elected municipal or county

councils. And there is no reason why coal should fluctuate in price any more than railway fares, or why the consumer should be made to pay more in winter than in summer, or in one town than another. What the Labour Party would aim at is, for household coal of standard quality, a fixed and uniform price for the whole kingdom, payable by rich and poor alike, as unalterable as the penny postage-stamp.

But the sphere of immediate Nationalization is not restricted to these great industries. We shall never succeed in putting the gigantic system of Health Insurance on a proper footing, or secure a clear field for the beneficent work of the friendly societies, or gain a free hand for the necessary development of the urgently called for Ministry of Health and the Local Public Health Service, until the Nation expropriates the profit-making industrial insurance companies, which now so tyrannously exploit the people with their wasteful house-to-house industrial life assurance. Only by such an expropriation of life assurance companies can we secure the universal provision, free from the burdensome toll of weekly pence, of the indispensable funeral benefit. Nor is it in any sense a "class" measure. Only by the assumption by a State department of the whole business of life assurance can the millions of policy-holders of all classes be completely protected against the possibly calamitous results of the depreciation of securities and suspension of bonuses which the War is causing. Only by this means can the great staff of insurance agents find their proper place as Civil Servants, with equitable conditions of employment, compensation for any disturbance and security of tenure, in a nationally organized public service for the discharge of the steadily increasing functions of the Government in vital statistics and social insurance.

In quite another sphere the Labour Party sees the key to temperance reform in taking the entire manufacture and retailing of alcoholic drink out of the hands of those who find profit in promoting the utmost possible consumption. This is essentially a case in which the people, as a whole, must assert its right to full and unfettered power for dealing with the licensing question in accordance with local opinion. For this purpose, localities should have conferred upon them facilities—

(*a*) To prohibit the sale of liquor within their boundaries ;

(*b*) To reduce the number of licences and regulate the conditions under which they may be held; and

(*c*) If a locality decides that licences are to be granted, to determine whether such licences shall be under private or any form of public control.

Municipalization.

Other main industries, especially those now becoming monopolized, should be nationalized as opportunity offers. Moreover, the Labour Party holds that the municipalities should not confine their activities to the necessarily costly services of education, sanitation, and police; nor yet rest content with acquiring control of the local water, gas, electricity, and tramways; but that every facility should be afforded to them to acquire (easily, quickly, and cheaply) all the land they require, and to extend their enterprizes in housing and town planning, parks, and public libraries, the provision of music and the organization of recreation; and also to undertake, besides the retailing of coal, other services of common utility, particularly the local supply of milk, wherever this is not already fully and satisfactorily organized by a co-operative society.

From "Labour and the New Social Order," issued by the Labour Party.

COAL NATIONALIZATION AND THE MIDDLE CLASSES.*

How the Capitalists Reward Brains.

The under-payment of many members of the middle classes, which the Labour Party condemns and seeks to remedy, is well illustrated by the poor salaries paid by the coal capitalists to mine managers.

Returns were collected by the Coal Industry Commission from 600 colliery companies relating to 1,700 mine managers.

It was shown that leaving out of account free houses, and coal, 73 *per cent.* of these managers received salaries of *not over* £400 *a year.* This in 1919, with money worth less than one-half of its pre-war purchasing power.

As many as 482 out of the 1,700 are paid salaries not exceeding £300 a year.

* Original heading.

Underpaid Mine Surveyors.

It was also shown at the Coal Commission on 27th May, 1919, in the sworn evidence of Mr. Austen Owen Hughes, Head Surveyor of the Powell Dufferin Steam Coal Company, Ltd., that the average wages paid to certificated mine surveyors were as follows:—

Head certificated mine surveyor, £5. 10s. per week (worth at 1914 prices not more than 55s.).

Certificated mine surveyor (other than head), £4. 5s. 8d. (worth at 1914 prices not more than 42s. 6d.).

These are highly-trained, experienced men, executing work of vital importance. Their hours of employment are unlimited; their pay is disgracefully low.

Under Nationalization this injustice to responsible men, charged with the oversight of arduous and dangerous work, would be removed.

The sweating of professional and clerical staffs by the capitalist system can only be remedied by Nationalization.

Leaflet published by the "Mines for the Nation" Campaign Committee.

ADDRESSES OF ORGANIZATIONS ADVOCATING NATIONALIZATION.

THE LABOUR PARTY,
33, Eccleston Square,
London, S.W. 1.

RAILWAY NATIONALIZATION SOCIETY,
Trafalgar Buildings,
Charing Cross, London, W.C. 1.

LAND NATIONALIZATION SOCIETY,
96, Victoria Street,
London, S.W. 1.

LABOUR CAMPAIGN FOR THE PUBLIC OWNERSHIP AND CONTROL OF THE LIQUOR TRADE,
45, Mecklenburgh Square,
London, W.C. 1.

CHAPTER XVI.

THREE NATIONALIZATION SCHEMES.

Proposals for a Land Nationalization Bill, prepared on behalf of the Land Nationalization Society.

SUGGESTED GUIDING PRINCIPLES.

(1) *The State to become the Ground Landlord of the entire Country*, i.e., the whole of the land, including mineral rights, inland waters, etc., to become the property of the Nation as from a given date.

(2) *In the case of Agricultural Land the State must also own Buildings.*—In the case of agricultural land it will not be sufficient for the State to become merely the ground landlord if the original owner is left free to charge the tenant what rent he pleases for the farm buildings, etc. In the case of agricultural land there is no means of giving satisfactory security of tenure to a farmer unless the State at the same time owns the buildings and all permanent improvements (including tied cottages).

(3) *Tenure of Agricultural Lands.*—The persons actually farming the land at the time of State purchase to be given the option of continuing as State tenants.

Rents to be fixed either by specially created Land Councils or Fair Rent Courts and to be revised every seven years. So long as the tenant complies with the regulations of the State and its delegated authority (e.g., the Land Councils) and farms up to the standard required by them, he is to have the first right of continuing his tenancy at the expiration of each seven years' term.

(4) *Fixing Rents.*—Rents to be charged by the State for the first period of seven years will necessarily approximate to existing rents, as the purchase price to be paid by the State should bear as close a relation as possible to the present rental value of each property.

The Land Council in each district will keep a register of all State tenancies, showing the rent paid, and such register will be open to inspection. Some time prior to the conclusion of every period of seven years, the Land Council or other authority, after hearing the existing tenant, will revise the rent according to circumstances, and the existing tenant will then have the option of continuing his tenancy of such land or of giving it up ; in the latter event he would receive full compensation for all improvements effected by him.

A regulation shall provide that a tenant who desires to carry out an improvement at his own immediate cost shall be permitted to do so, provided it be first approved by the local Land Council or other authority.

(5) *Purchase Price.*—The basis for the acquisition of all land (and in the case of agricultural lands, the buildings also) shall be either—

(*a*) Twenty times the rateable value of the property as existing at 31st December, 1918, and where no rateable value exists, the value put upon the property by the land valuation of 1910 ; or

(*b*) The value put upon the property by the valuation of 1910 and in any cases where such

valuation shall not have been completed, it shall be valued on precisely analogous lines so as to make the value the same as if it had been fixed under the said 1910 valuation.

In the case of the land being let on lease, the compensation to be divided between the landowner and the leaseholder in such proportions as determined by the tribunal set up for that purpose.

(6) *Tenure of all Properties other than Agricultural Lands and Buildings.*—In the case of freehold property residential, business or industrial property, the State will become the ground landlord, and the freeholder's rights over the buildings are not disturbed by this Bill in any way, except that the ground rent he has to pay the State will be subject to revision every seven years, and except also that the Land Council shall have the right to purchase the property as set forth in the paragraph headed " Power to purchase buildings."

(7) *Purchase Price to be paid in Bonds.*—The capital amount in each case to be paid in State bonds yielding (say) 4½ per cent. interest payable half-yearly, the bonds to be repayable at par within 67 years from date by means of an annual sinking fund of ¼ of 1 per cent., which may be either accumulated or utilized to purchase bonds on the market if the price falls below par. The State to have the right to pay off all or part of the bonds at par at any earlier period by giving three months' notice. It is possible to express the same purchase price in terms of annuities expiring on a certain date; for instance the cost to the State of 40 annual payments of £54. 6s., and then no further compensation, is exactly the same as a cash payment outright of £1,000 of Government Loan " Land Bonds," bearing interest at the rate of 4½ per cent. per annum (payable half-yearly)

repayable at par by an annual sinking fund of 5s. per £100 Bond, which will suffice to pay off the loan in its entirety in 67 years.

We have considered various alternative schemes, such as annuities for two lives, but in view of the many difficulties and differential treatment this would involve, we have come to the conclusion that a straightforward purchase on terms applicable to all land, whether held by persons, companies, co-operative societies, or under any other form, is the only simple and equitable method of dealing with the matter.

In the case of leasehold property, the purchase price shall be correspondingly less, according to the length of the lease, the actual value to be fixed by the Land Council or other authority, the owner having the right to appeal to an assessment tribunal.

(8) *Finance of Land Nationalization.*—The most reliable estimate of the value of the agricultural land of the country is that given in Dr. J. C. Stamp's "British Incomes and Property" (1916), in which this high Inland Revenue official, after checking all other estimates by official returns, gave the value of such land as £1,155,000,000. Estimates of site value vary enormously. The book referred to quotes them from £60,000,000 right up to £200,000,000 per annum. Take it at £120,000,000 and capitalizing this on the basis of 17 times the annual value, we get a total of another £2,000,000,000. If we assume the value of farmhouses and agricultural buildings to be £200,000,000 we arrive at a total value in 1913-14 of between £3,000,000,000 and £4,000,000,000 as the amount of bonds that the State would have to issue, but the actual figure is of no importance to the scheme as the State would immediately secure a rental equivalent to at least the amount of interest it had to pay and probably much superior to that sum.

(9) *Power to Purchase Buildings.*—The Land Council, or other authority entrusted with the administration of the land, shall at any time have the right, on giving six months' notice, to acquire any buildings used for private or trade purposes on payment of not exceeding 20 years' purchase of the net annual rental or official valuation as aforesaid, plus a reasonable compensation for disturbance which shall be fixed by the Land Council or other authority, the tenant having the right to appeal to an assessment tribunal.

ADMINISTRATION.

(10) *Collection of Rents, Repair and Upkeep of Buildings belonging to the State, Selection of Tenants, etc.*—A National Land Council to be formed, consisting of seven Members, viz. :—

The Minister for Lands (a Cabinet Minister with seat in Parliament).

One Minister appointed by the Minister for Lands, who shall be Secretary to the Ministry of Lands.

One Member appointed by the Ministry of Health.

One Member appointed by the Ministry of Food.

One Member appointed by the Minister for Lands from a panel of not less than three persons nominated for the purpose by representatives of Farmers' Unions and Chambers of Agriculture.

One member appointed by the Minister for Lands from a panel of not less than three persons nominated by Associations of Smallholders and Allotment holders.

One Member appointed by the Minister for Lands from a panel of not less than three persons nominated by Agricultural Labourers' Unions.

Such members as are selected from panels shall hold office for five years and to be eligible for re-appointment so long as their names remain on the panel.

The whole administration of the land shall be vested in the National Land Council, subject, of course, to the control of Parliament. The National Land Council shall divide the United Kingdom into areas (? by counties) with

Local Land Councils.

to which the National Land Council shall delegate such powers as it may think fit. Such local Land Councils shall consist of not less than eight persons appointed by the National Land Council and seven representatives selected by the National Land Council from panels put forward by the county councils and other local authorities within the particular area, Farmers' Unions and Chambers of Agriculture, associations of smallholders and allotment holders, and agricultural labourers' unions, giving equal representation to all parties, but the control of land within the area of any borough, county borough, or urban district council shall be vested in the local authority for that area (in the case of London, the L.C.C. being the local authority for this purpose) subject to the control of the National Land Council.

SUMMARY.

It is claimed that if the foregoing scheme is carried out—

(1) Existing freeholders in occupation will have practically as good security of tenure as at present, with the advantage of having set free for development purposes that portion of their capital at present sunk in the purchase of the property.

(2) Tenant farmers or occupiers of land on lease will have a security of tenure vastly superior to that which they have hitherto possessed, and

will consequently have every encouragement to improve and work the land to its fullest capacity.

(3) Town and other municipal authorities will be able to secure land at a reasonable price, and will above all, have only one owner, viz., the State, to deal with.

(4) The Nation will be the owner of the land on which it exists, and through the authorities set up for the purpose, will assure the full development of the national resources in the interest of the community—a matter of vastly greater importance than any financial profit, as thereby the land and those dwelling upon it will be saved from that ofttimes tyrannical domination of the landowner, which in many parts of the country makes democracy a farce. Landowners will receive a reasonable compensation in the shape of bonds or annuities, which will have an immediate market value, should they desire to turn them into cash.

(5) Apart from the increased revenue to be derived from the proper development of lands at present used for game, hunting, private pleasure or other uneconomic purposes, the proposals here made would result in a large annual profit to the State, assuming the existing rentals to remain unchanged in the following manner :—

Take the aggregate value of the agricultural land and farm buildings and site values to be acquired by the State as £4,000,000,000, and the average cost to be 17 times the present rental value, this is equivalent to purchase on a £5. 17s. 8d. per cent. basis, i.e., the State pays £100 for every £5. 17s. 8d. of rent. As, however, the State will pay for this in bonds yielding

4½ per cent. (this lower yield being justified by the superior credit of the State and the improved marketability of the bonds as compared with the lands) plus ½ of 1 per cent. sinking fund (or the equivalent in annuity form), this means that the State, for an annual expenditure of £4. 15s. acquires an annual revenue of £5. 17s. 8d. without counting the value of existing leasehold buildings as they fall in. By virtue of this fact alone there should be an annual profit of over £45,000,000 available for a reduction of debt or other purposes, and as production from the soil, once all artificial impediments are removed, will increase, so will the annual rental value and the profit to the community.

This will also secure that all future increments in the value of land arising from growth of population, municipal enterprize, railway extension and other improvements in transport, will go to the community, and after the debt has been paid off (or the annuities have terminated) the whole land of the country will belong to the Nation without any debt against it.

A SUMMARY OF THE FOREGOING PROPOSALS, WITH OBSERVATIONS THEREON.

(1) *The State to become the Ground Landlord of the entire Country.*—On a given date all private ownership of land, including minerals, to come to an end, and the State to become the ground landlord of the entire country.

Remarks : (*a*) We may, of course, have to accept less and nationalize in instalments ; it will, however, be no more difficult to get the principle approved for the whole than for part and our scheme should provide for the whole.

(*b*) The advantages of municipal authorities and other bodies of public utility having only one owner, namely the State, to deal with in connexion with housing, land settlement schemes, etc., are obvious.

(2) *In the case of Agricultural Land, the State must also own the Buildings.*—The State would take the place of the existing landlord as owner of farm buildings.

Remarks: Until this occurs, with the abolition of the present iniquitous system of tied cottages, there can be no such thing as real liberty in country districts. With the national and local administration proposed, provision being made for full democratic representation of all classes, it is evident that buildings and equipment, which are at present the property of the landowner, will be maintained in good and efficient order, this being to the benefit of both the tenant and the community.

(3) *Tenure of Agricultural Lands.*—Existing occupiers farming or cultivating land will continue as State tenants, and can never be turned out so long as they farm up to the standard laid down by the administration. Rents will be revised every seven years.

Remarks: Each occupier, be he freeholder or tenant, will have that full security of tenure which is only obtainable now by the few who can afford, and obtain the opportunity, to buy their land; and the capital that would go to buy the land will be set free for the vastly more important purpose of working it. A fair rent will be charged, and its reduction or increase according to circumstances, will be considered at the end of every seven years. It will not be raised to one man as against another, i.e., there will be no favouritism. In the event of an increase which the tenant considers unfair, he

will have the right to appeal to a tribunal, and any increment in rental value that does occur will go to the benefit of the community instead of the enrichment of a private landlord.

(4) *Fixing Rents.*—It is assumed that to begin with the rents to be charged by the State for the first period of seven years will generally be the existing rents subject to the removal of any conspicuous inequalities. Should the occupier desire to give up his tenancy at the end of any period of seven years he would receive full compensation for all improvements effected by him.

Remarks: (*a*) The State, as landlord, would, through the local Land Council, make such improvements as fall to be done by landlords, but improvements made by tenants would become their property and full compensation given for them if the tenancy was surrendered at the end of any seven-yearly term.

(*b*) There would be nothing to prevent an occupier from selling his farm with improvements, and the purchaser would acquire exactly the same title as the seller, namely, the right to remain in possession so long as he conformed to the conditions laid down above under No. (3), his rent being subject to revision at the end of every seven years in precisely the same way.

(5) *Purchase Price.*—Two alternative bases are suggested, either: (*a*) Twenty times the rateable value of the property as existing at 31st December, 1918; or (*b*) The value put upon the property by the Government valuation of 1910.

Remarks: (*a*) The iniquity of a low basis being taken for rating purposes, i.e., when it comes to paying the community, and an enormously higher figure for selling purposes, i.e., when it comes to

taking money from the community, is now generally recognized, and no less a person than Sir Edward Carson quite recently said in the House of Commons that the State should acquire land at its rateable value.

(6) *Tenure on all Properties other than Agricultural Lands and Buildings.*—Terms of years under existing leases shall be respected, so far as this Bill is concerned except that no lease shall be recognized as being for a longer period than 90 years from the year 1913 and that every rental shall be subject to revision every seven years.

Remarks: This means that a man who has a dwelling house on lease expiring say 40 years hence does not have his lease interfered with but pays his ground rent to an agent of the State instead of an agent of the private landlord. The amount of ground rent he has to pay is, however, subject to revision every seven years (he having received compensation for this interference with his lease, as described in paragraph 5 of the "Proposals" printed separately), and there is no reason to suppose that the community, working through a democratically elected council, will be less tender hearted in this respect than the agents of great private landlords.

(*b*) Under this system all leasehold properties, as the leases terminate, will become the property of the community, and it will be open to the administrative bodies referred to to consider whether the present iniquitous system of dilapidations should not be either abolished or profoundly modified.

(7) *Purchase Price to be paid in Bonds.*—The purchase of each property to be paid by national land bonds yielding $4\frac{1}{2}$ per cent. per annum interest, the bonds to be paid off within 67 years.

Remarks : (*a*) Landowners will say that by paying them in bonds yielding only 4½ per cent. interest, such bonds will not be worth what they purport to be seeing that money now invested in War Loans yields over 5 per cent. The answer is that : (1) the State is not likely to continue to pay so high a rate of interest ; (2) Landowners have frequently complained that they did not make anything like 4½ per cent. out of their land ; and (3) They will be given a vastly better security than their land, for a British Government loan repayable at par is not likely to fall much in value and can be turned into cash at any time, which is not the case with capital immobilized in land.

(*b*) Some reformers object to payment of a capital sum and advocate compensation by means of annuities terminating after a certain number of years. There need, however, be no difference in the cost to the community between the two methods ; it depends solely upon the number of years. In the scheme suggested the bonds carry interest at 4½ per cent. ; another ¼ per cent. per annum (5s. per £100 bond) devoted to paying off bonds year by year, will extinguish every bond in 67 years. If, instead of this, the landowners received an annuity for 67 years at the rate of 4¾ per cent. per annum with no further payment of interest or any return of capital, the cost to the community would be exactly the same. Several Indian railways were purchased by the Indian Government by means of annuities, and the annuity holders, by voluntarily agreeing to put aside each year a small amount of their interest, thus built up a fund whereby, at the end of a term of years, they received back their capital. The point of this remark is that criticism

of the *method of compensation*, namely capital sum as against annuity, is based upon a misapprehension, the two methods being simply two different ways of expressing the same sum. Objection to the total amount to be paid—which some may consider too high and others too low—is quite another matter and is not dealt with in these remarks.

(8) *Finance of Land Nationalization.*—In "British Incomes and Property" (1916), by Dr. J. C. Stamp, of the Inland Revenue, the value of agricultural land in the United Kingdom is estimated at £1,155,000,000. Assume the value of farmhouses and agricultural buildings to be as much as £200,000,000, and add another £2,000,000,000 for site values, and we arrive at an estimated amount of £4,000,000,000, which the State would have to issue in bonds to pay for the land and properties.

Remarks: (*a*) The capital figure is of little importance, as the State would immediately secure a rental equivalent to the interest it had to pay on the bonds, and probably more.

(*b*) Future increments in the value of the land arising from growth of population, municipal enterprize, railway extensions and other improvements in transport, will go to the community.

(*c*) After 67 years (and possibly a good deal earlier if the proceeds of increments in value of buildings as the leases expire, etc., go to the community instead of to private owners and are applied to earlier repayment of the bonds) the whole land of the country will belong to the Nation without any debt against it.

(*d*) What is far more important than any monetary advantages, great as these should be, is the fact that the Nation as owner of the land on which it lives and through the authorities it sets up for the purpose, will assure the full development of the national resources. Incidentally it may be remarked that this will result in large areas at present used for game, hunting, private pleasure or other uneconomic purposes, being properly developed, which will add to the home production of food and provide additional revenue.

(9) *Power to Purchase Buildings.*—The administration shall have the right, on giving six months' notice, to acquire any buildings used for private or trade purposes on payment of a sum not exceeding 20 times the net annual rental or the 1910 valuation as mentioned in paragraph No. (5), plus a reasonable compensation for disturbance.

Remarks : The State, municipal authority, railway company, etc., can to-day secure power to expropriate any property required for public purposes, but usually only after considerable delay and excessive cost. The above provision simplifies the procedure.

(10) *Administration.*—A National Land Council to be formed consisting of seven members, of whom one shall be the Minister for Lands (a member of the Cabinet with a seat in Parliament), three appointed respectively by the Ministries of Lands, Health and Food, and three to be appointed from panels nominated by : (*a*) Farmers' Unions and Chambers of Agriculture ; (*b*) Associations of Smallholders and Allotment holders ; (*c*) Agricultural Labourers' Unions.

The National Land Council shall divide the United Kingdom into areas, each of which shall possess a local Land Council, to which the National Land Council will delegate such powers as it may think fit. The local Land Council shall consist of not less than eight persons appointed by the National Land Council, seven persons selected from panels put forward by the county councils and other local authorities of the area and the various bodies nominating panels for the National Land Council in such fashion that equal representation is given to all parties.

The control of land within the area of any borough, county borough or urban district council shall be vested in the local authority for that area, subject to the control of the National Land Council.

Remarks: By the above scheme it is claimed that the necessary amount of control by the central authority will be exercised side by side with representatives of local and sectional interests. In a country approximating more and more to a democratic form of Government the representatives nominated by responsible Ministers are representatives of the community in so far as the Government itself reflects the choice of the electors. In other words, if a Labour Government were in power, it is to be presumed that the majority of the representatives appointed by the Ministries would be men or women holding Labour views; if a Conservative Government were in power the majority would be men or women holding Conservative views. This is inevitable and even desirable provided fair representation is given to all parties.

Draft, Nationalization of Railways Bill, prepared on Behalf of the Railway Nationalization Society.

FOREWORD.

In his speech at the Coalition Party meeting, held on the 16th November, 1918, Mr. Lloyd George said :—

> There is the problem of transportation, left very largely to chance. Rail, canal, road, tram, all vital to the life, the industry, the amenities of the people of this country. That problem must be taken in hand under the direct inspiration and control of the State. (Cheers.)

It is to be presumed that this means Railway Nationalization, which is also an integral part of the Labour Party's programme. At the same time, we cannot yet be certain that the strong capitalistic powers behind the railway interest will not be able to force the Government of the day into some hybrid system of profit sharing in which the State will be endowed with the burden of higher working costs and wages, and the shareholders with any profits that can be realized from improved unified working and rate increases.

It is not sufficient for a scheme to be adopted ; much depends upon *how* it is adopted. During the past three years, therefore, the Railway Nationalization Society has held a series of Conferences of members and affiliated societies to consider the lines upon which the State System of Railways should be run, the terms of purchase, the allocation of any surplus profits, and particularly the extent to which both the public and the workers themselves should participate in the management.

The following Bill embodies in Parliamentary form these proposals. At the best of times the terminology

of a Parliamentary Bill obscures its purpose, so the following brief summary, in plain language, of its tenor may be useful.

All Transport and Communications.

It was realized that the time had come when the national interests which must henceforth prevail over sectional interests demand that all forms of transport must be dealt with, and not kept separate merely because they happen to belong to different groups of people. It will be noticed that Mr. Lloyd George in the sentence quoted on page 265 adopts this view. In the opinion of the Railway Nationalization Society the Post Office must be worked as a necessary part of the Transport system, and the Bill, therefore, groups all these services under one head.

Terms of Purchase.

Clauses 3 and 4 may appear somewhat complicated. The idea is that the purchase price shall be based upon the mean quotation (i.e., half-way between the highest and lowest) of each railway stock during the 12 months which ended six months prior to the introduction of the Bill—this time margin being set up to prevent manipulation of the quotations—and that such purchase price shall be paid in Government Stock, bearing interest at the same rate as that of the nearest existing Government Stock already in existence, in such fashion that the holder of railway stock would receive as much of the Government Stock as he could have bought had he been paid in cash.

As an example of how this would work out, we will take three representative stocks of a representative railway, the Great Western, on the quotations ruling during 1918. During that year the mean quotation of the Ordinary Stock was £87. 1s. 3d. ; of the 5 per cent. Preference, £88. 13s. 9d. ; and of the 4 per cent. Debenture Stock, £79. 15s. On this basis, the holder of £100 Great Western Ordinary Stock would receive about £94. 2s. 5d. of 5 per cent. Government Loan Stock, that being the amount of 5 per cent. War Loan which £87. 1s. 3d. would purchase at its price during November, 1919, of 92½ ex dividend, which would bring him in £4. 14s. interest per annum, as compared with £7. 5s. received on the Railway Stock on the basis of the last year's dividend, a dividend which, however, could not have been paid if it had not been for the Government's guarantee of earnings during the War. The saving effected by the superior credit of the State is obvious ; on the other hand, the railway stockholder obtains in exchange for his stock a security which has a market value equivalent to that which his railway stock possessed.

Democratic Control and Participation of Workers in the Management.

The Railway Nationalization Society prides itself upon the fact that before the theories of what is known as " Guild Socialism " came to be propagated, it had advocated, and ultimately expressed in its first " Nationalization of Railways " Bill (Bill 212, 30th April, 1914), the principle that the railway workers should have a direct share in the management of the railways—not merely as a Conciliation Board, or in connexion with conditions of labour, but as actual part managers. This has been

extended in the present Bill, and, as often happens when it is desired to give practical expression to an aspiration, it has not been easy to devise a scheme satisfactory to all parties. Clauses 9 to 11 were framed after long discussions with the secretaries of the three great railway unions and representatives of other unions, and it is believed that they represent as good a working scheme as has up to the present, been devised to secure the real co-operation in management of representatives of the workers, as such, with representatives of the community, as such. Actual experience will no doubt suggest necessary or desirable modifications.

NATIONALIZATION OF RAILWAYS BILL.

MEMORANDUM.

This Bill provides for the vesting in the Government the railway system of the United Kingdom together with all other forms of inland transport now under Government management.

Clauses 1 and 2 create a Minister for Transport and Communications, in whom is to be vested the present powers of the Postmaster-General as well as control of the State railway system.

Clauses 3 and 4 provide for the State acquisition, as going concerns, of the existing railway undertakings. They set out the terms of purchase, provide for the payment of the purchase price in State railway stock, and for the redemption of such stock within 50 years through the operation of a sinking fund.

Clauses 5 to 12 inclusive deal with the practical control and management of the State railways and other forms of inland transport. While the Minister for Transport and Communications is given supreme control of the State system, a Transport Council is constituted to operate the system, and, with a view to keeping the State railway management in close touch with public needs, there is also constituted in each district a local Administrative Council representative both of the public and of the workers concerned.

It is provided that a separate " State railway account " shall be opened to exhibit faithfully the financial position of the State transport undertaking, in all its various branches.

NATIONALIZATION OF RAILWAYS BILL.

ARRANGEMENT OF CLAUSES.

Clause.

1. Ministry of Transport and Communications.
2. Office of Postmaster-General abolished.
3. Transfer of railway undertaking to the State.
4. Issue of State railway stock.
5. State to assume responsibility for railway assets and liabilities.
6. Payments out of moneys provided by Parliament.
7. Payment out of Consolidated Fund.
8. Accounts.
9. Transport Council.
10. Duties of the Transport Council.
11. Local Administrative Council.
12. Provision for present employees.
13. Short title.

A BILL TO

Provide for the Nationalization of Railways, the establishment of a Ministry of Transport and Communications, and for other purposes connected therewith.

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows :—

MINISTRY OF TRANSPORT AND COMMUNICATIONS.

1.—(1) There shall be a Minister for Transport and Communications to be appointed by His Majesty and to hold office during the pleasure of His Majesty.

(2) The Minister for Transport and Communications together with one of the Secretaries for Transport and Communications shall at the same time be capable of being elected to and of sitting in the Commons House of Parliament, and each of their offices shall be deemed to be an office included in Schedule H of the Representation of the People Act, 1867 ; Schedule H of the Representation of the People (Scotland) Act, 1868 ; and Schedule E of the Representation of the People (Ireland) Act, 1868.

(3) The Minister for Transport and Communications shall take the oath of allegiance and official oath, and shall be deemed to be included in the First Part of the Schedule to the Promissory Oaths Act, 1868.

(4) The Minister for Transport and Communications shall appoint one or more secretaries for Transport and Communications, such Assistant Secretaries and such

other officers and servants as the Minister for Transport and Communications may, with the sanction of the Treasury, determine.

(5) *There shall be paid to the Minister for Transport and Communications out of money provided by Parliament, a salary at the rate of two thousand pounds a year, and to the Secretaries for Transport and Communications, Assistant Secretaries, officers and servants such salaries or remuneration as the Treasury shall from time to time determine.*

(6) *All expenses incurred by the Minister for Transport and Communications under this Act, to such amount as may be sanctioned by the Treasury, shall be paid out of money provided by Parliament.*

(7) The Minister for Transport and Communications shall have an official seal, which shall be officially and publicly noticed, and such seal shall be authenticated by the Minister or one of the Secretaries for Transport and Communications or one of the Assistant Secretaries or some person authorised by the Minister for Transport and Communications to act on his behalf.

(8) Every document purporting to be an order, licence, or other instrument issued by the Minister for Transport and Communications, and to be sealed with his seal, authenticated in manner provided by this Act, or to be signed by one of the Secretaries for Transport and Communications or by one of the Assistant Secretaries or any person authorized by the Minister for Transport and Communications to act on his behalf, shall be received in evidence, and be deemed to be such order, licence, or other instrument without further proof, unless the contrary be shown.

(9) A certificate signed by the Minister for Transport and Communications that any order, licence, or other

instrument purporting to be made or issued by him is so made or issued shall be conclusive evidence of the fact so certified.

OFFICE OF POSTMASTER-GENERAL ABOLISHED.

2.—(1) There shall be transferred to, vested in and held by the Minister for Transport and Communications in his corporate capacity and his successors all the powers and duties and property of the Postmaster-General exercised or vested and held by him in his corporate capacity, and there shall be transferred to and vested in the Minister for Transport and Communications all the rights and liabilities attaching or attached to the Postmaster-General in his corporate capacity and the office of Postmaster-General is hereby abolished.

(2) There shall be transferred, vested in and held by the Minister for Transport and Communications in his corporate capacity and his successors all the powers and duties, assets, rights, liabilities and property of any Minister and of any Government Department relating to roads, and other highways, canals, rivers and other inland waterways, aerodromes and machines and appurtenances of aerial navigation, and the conveyance of commodities, passengers and communications by any of them.

(3) There shall be transferred and attached to the Minister for Transport and Communications such of the persons employed under any Government Department in or about the execution of the powers and duties transferred by or in pursuance of this Act to the Minister for Transport and Communications as the Government Department may with the sanction of the Treasury determine.

TRANSFER OF RAILWAY UNDERTAKING TO THE STATE.

3.—(1) The Minister for Transport and Communications shall as soon as possible after his assumption of office give notice to the owners of every railway in the United Kingdom that the whole of such railway undertaking will, as from a date to be fixed by him, not later than one year after the passing of this Act, become the property of the State ; and on the date so fixed the whole of the property in such railway, together with the assets and liabilities of the company owning such railway, shall be vested in and held by the Minister for Transport and Communications in his corporate capacity and his successors.

(2) The purchase price of any railway so vested in the Minister for Transport and Communications shall be a sum equal to the mean between the highest and lowest prices of all the various securities of the company owning such railway that have been officially recorded by the London Stock Exchange during the first twelve of the eighteen months immediately preceding the introduction into Parliament of the Bill which has become this Act ; or in case such price cannot be determined in the case of any particular security, such sum as the Board of Trade may determine to be equivalent to its value estimated on a similar basis.

ISSUE OF STATE RAILWAY STOCK.

4.—(1) The purchase price of any railway undertaking, as ascertained under the provisions of this Act, shall be paid by the Minister for Transport and Communications in State railways purchase stock to the persons who in the opinion of the Minister for Transport and Communications have established their title to such stock. Provided that an appeal shall lie to the High

Court from the decision of the Minister for Transport and Communications as to the title of any such persons, but for no other purpose.

(2) *For the purpose of paying such purchase price the Treasury shall, on the request of the Minister for Transport and Communications, by warrant addressed to the Bank of England, direct the creation of a new capital stock (to be called "Guaranteed State Railway Stock"), and in this Act referred to as "the stock," yielding interest at the rate on the nominal amount of capital equal to that payable at the date on which this Act received Royal Assent on the nearest equivalent Government Loan Stock.*

(3) *Interest shall be payable by equal half-yearly or quarterly dividends at such times in each year as may be fixed by the warrant first creating the stock.*

(4) *The stock shall be redeemed at the rate of one hundred pounds sterling for every one hundred pounds of stock by annual drawings, commencing within three years of the issue of such stock, by means of a sinking fund of one-half of one per centum or such sum as may be sufficient to redeem the entire loan within fifty years.*

(5) *The stock may be issued at such times and in such amounts and subject to such conditions as the Treasury may direct, and may be issued as bearer bonds with quarterly or half-yearly interest coupons attached.*

(6) *The stock shall be transferable in the books of the Bank of England in like manner as other stock is transferable under the National Debt Act,* 1870.

STATE TO ASSUME RESPONSIBILITY FOR RAILWAY ASSETS AND LIABILITIES.

5.—(1) There shall be transferred to the Minister for Transport and Communications all the existing assets

and liabilities of railway undertakings, taken into the possession of the State, payable or due at the time of the passing of this Act to any person.

(2) On the passing of this Act there shall be ascertained by the Minister for Transport and Communications the amount of all moneys due to or from all such railway undertakings.

(3) The net amount of all moneys due to any such railway undertaking, after all debts due from any such undertaking have been deducted, as ascertained under Sub-section (2) of this section, shall be paid by the Minister for Transport and Communications to the persons to whom in his opinion such debts are due, and shall be deemed to be expenses incurred under this Act. Provided that an appeal shall lie to the High Court from the decision of the Minister for Transport and Communications as to the title of any such person but for no other purpose.

PAYMENTS OUT OF MONEYS PROVIDED BY PARLIAMENT.

6.—(1) *All sums expended or payable under this Act in the construction, erection or acquisition of railways, tramways, buildings, plant, machinery, hulks, ships or other appliances or works, or for other expenses required for the working of any railway undertaking, shall be payable out of moneys provided by Parliament.*

(2) Provided that moneys received under this Act in respect of the working of any railway undertaking (including the moneys received from the Government Departments) may be directly expended in or towards carrying out the purposes of this Act.

PAYMENT OUT OF CONSOLIDATED FUND.

7.—After full provision has been made for all outgoings, losses and liabilities for the year (*including*

interest on securities created and issued in respect of moneys raised as aforesaid and on moneys paid out of the Consolidated Fund) the net surplus profits then remaining shall be applied in establishing a sinking fund and, subject thereto, in establishing a depreciation fund in respect of capital expended.

ACCOUNTS.

8.—(1) The Minister for Transport and Communications shall cause full and faithful accounts to be kept of all moneys received and expended under this Act, and of all assets and liabilities and of all profits and losses, and such accounts shall be kept distinct from all other Government accounts, and shall be separately published, in a form to show clearly the financial results of the working of railways, canals, road transport, aerial navigation and other main branches, and the Minister for Transport and Communications shall annually lay such accounts before Parliament in time to permit of the House of Commons devoting not less than three days to their discussion.

(2) The Minister for Transport and Communications shall annually cause a balance-sheet of accounts to be made, including a capital account and a profit and loss account, together with full statistical data for all the railways purchased under this Act.

(3) Such balance sheet and statement shall be so prepared as to show fully and faithfully the financial position of the State railway system and of each other branch of the transport service, and the financial result of its operations for the year.

(4) All moneys raised under the authority of this Act shall, as and when raised, and all other moneys received hereunder shall, as and when received, be paid into a separate account called " the State Transport and Communications Account."

(5) All moneys withdrawn from the State Transport and Communications Account constituted under this Act shall be withdrawn only by the order of the Minister for Transport and Communications or such other person as the Minister may from time to time appoint, countersigned by the Treasury.

(6) All moneys in the State Transport Account, or payable into that account by any person whomsoever, and also all moneys owing by any person under this Act, are hereby declared to be the property of the Crown, and recoverable accordingly as from debtors to the Crown.

TRANSPORT COUNCIL.

9.—(1) There shall be established a Standing Administrative Council for Transport and Communications (herein called the Transport Council) whose members shall be as follows :—

The Minister for Transport by virtue of his office.

Appointed by the Minister for Transport : Four members (one of whom shall be the Secretary for Transport and Communications).

Appointed by the Board of Trade : One member.

Appointed by the Treasury : One member.

In the event of a vacancy occurring in the Council, the Minister or authority who appointed the member whose withdrawal from the Council has caused the vacancy shall have the right to appoint another member in his stead.

(2) The three members to be appointed by the Minister for Transport and Communications (other than the Secretary for Transport and Communications) shall be chosen from a panel of not less than twelve persons nominated annually for that purpose by the several Executive Committees of the twenty principal Trade

Unions of which the membership for the time being is drawn wholly or in great part from persons engaged in the service of transport, each such Trade Union having the right to nominate for the panel one representative for the first hundred thousand members or part thereof, together with an additional representative for every hundred thousand members, or part thereof. The Trade Unions entitled to participate in this nomination and the number of representatives to which they shall be entitled shall be determined by the Minister of Labour.

(3) The three members of the Transport Council appointed from the panel so constituted shall hold office respectively for five, six, and seven years, the period for each member being determined by ballot. Members shall be eligible for reappointment so long as their names remain on the panel. Casual vacancies shall be filled by appointment from the panel in the same manner, the member so appointed serving for the unexpired term of the member he replaces.

(4) Members of the Transport Council other than those holding other official appointments shall devote their whole time to the work of the Council, *and shall be paid such salaries as the Treasury may from time to time determine.*

DUTIES OF TRANSPORT COUNCIL.

10.—(1) Subject to the provisions of this Act, it shall be the duty of the Transport Council on behalf of and subject to the absolute control of the Transport Council to maintain and work the railway system for the time being in the possession of or under the operation of the State (herein called the State railways), and generally to carry on the business of operating the State railways, other forms of transport and communications, together with all other undertakings carried on in connexion therewith.

Provided that it shall not be lawful for the Transport Council to incur liabilities for any expenditure without the sanction of the Minister for Transport.

(2) Subject to the provisions of this section, financial and otherwise, the Transport Council may from time to time, in such manner and on such terms as they think fit—

(*a*) Appoint managers, engineers, agents, workmen, and servants ; and

(*b*) Construct, erect, or purchase, lease, or otherwise acquire, railways, tramways, canals, docks, harbours, piers, buildings, plant, machinery, hulks, ships, and other fixed or moveable appliances or works of any description, and sell or otherwise dispose of the same when no longer required ; and

(*c*) Purchase or win coal, oil, or other minerals ; and

(*d*) Enter into and enforce contracts and engagements ; and

(*e*) Operate or sublet in connexion with any undertaking, hotels, restaurants, or refreshment rooms ; and

(*f*) Generally do anything that the owners of a railway might lawfully do in the working of the railway, or that is authorized by regulations under this Act ;

(*g*) With the approval of the Minister for Transport and Communications exercise all or any of the powers of purchase of land acting under the Lands Clauses Acts.

(3) In addition to the powers conferred on the Transport Council by the last preceding sub-section they may work any State railway, tramway, hulk, ship, or other movable appliance acquired by them for the purpose of carrying out their duties under this Act.

LOCAL ADMINISTRATIVE COUNCIL.

11.—(1) The United Kingdom shall be divided by the Transport Council into twelve Transport Districts, or such other number of Districts as the Transport Council may from time to time determine, and for each such Transport District there shall be appointed by the Transport Council a Local Administrative Council of not less than five and not more than ten persons chosen by the Transport Council, together with five representatives of the workers in the transport services who shall be appointed by the Transport Council from a panel of persons nominated in the manner specified in Section 9.

(2) The term of office of each member of the Local Administrative Council shall be for three years, but members shall be eligible for reappointment.

(3) The Local Administrative Council shall meet, either as a whole, or in such sections determined according to area as may be decided by a majority of its members, and shall, subject to the direction of the Transport Council, deal with such matters of detail relating to transport administration within its district as may from time to time be referred to it by the Transport Council. The Transport Council shall appoint the Chairman of each Local Administrative Council, and shall recommend the remuneration to be allowed to the Chairman and the other members respectively.

SAVING CLAUSE FOR PRESENT EMPLOYEES, ETC.

12.—Every person employed by or in the service of the Postmaster-General, or any company or undertaking transferred to the Minister for Transport and Communications, shall as and from the date of the transfer be employed by or in the service of the said Minister, and shall continue to hold his office or perform his duties by the same tenure and upon the same terms and

conditions as formerly ; and any person whose services are dispensed with by reason only of the transfer shall receive such compensation for loss of office as the Treasury may upon the principles customary in such cases award and determine. All pensions and compassionate allowances payable at the date of transfer shall be assumed as liabilities of and be paid by the Minister for Transport and Communications.

SHORT TITLE.

13.—This Act may be cited as the Nationalization of Railways Act, 1918.

The Nationalization of Mines and Minerals Bill, 1919, prepared on behalf of the Miners' Federation of Great Britain.

A Bill to Nationalize the Mines and Minerals of Great Britain and to Provide for the National Winning, Distribution, and Sale of Coal and other Minerals.

Whereas it is expedient that mines and minerals should be taken into the possession of the State.

Be it enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal and Commons in this present Parliament assembled, and by the authority of the same, as follows :—

ESTABLISHMENT OF MINING COUNCIL.

1.—(1) For the purpose of winning, distributing, selling, and searching for coal and other minerals, there shall be established by His Majesty by Warrant under the sign manual, a Mining Council, consisting of a President and 20 members, ten of whom shall be appointed by His Majesty and ten by the Association known as the Miners' Federation of Great Britain.

(2) It shall be lawful for His Majesty, from time to time, to appoint any member of the Privy Council to be President of the Mining Council, under the name of the Minister of Mines, to hold office during His Majesty's pleasure.

(3) The Members of the Mining Council, other than the President, shall be appointed for five years, but shall be eligible for reappointment. Provided that His Majesty or the Association known as the Miners' Federation of Great Britain respectively shall have power to remove any person appointed by them and appoint some other person in his place. On a casual vacancy occurring by reason of the death, resignation, or otherwise of any of such members or otherwise, His Majesty or the Miners' Federation of Great Britain, as the case may be, shall appoint some other person to fill the vacancy, who shall continue in office until the member in whose place he was appointed should have retired and shall then retire. The members of the Mining Council shall devote the whole of their time to the business of the Mining Council.

MINISTER OF MINES AND PARLIAMENTARY SECRETARY.

2.—(1) The Minister of Mines and one of the Secretaries of the Mining Council (to be known as the Parliamentary Secretary and to appointed by His Majesty) shall at the same time be capable of being elected to and of sitting in the Commons House of Parliament.

(2) The Minister of Mines shall take the oath of allegiance and official oath, and shall be deemed to be included in the first part of the Schedule to the Promissory Oaths Act, 1868.

(3) There shall be paid out of money provided by Parliament to the Minister of Mines a salary at the rate of £2,000 a year, and to the Parliamentary Secretary a salary at the rate of £1,500 a year.

(4) The Minister of Mines and the Parliamentary Secretary shall be responsible to Parliament for the acts of the Mining Council.

OFFICERS, ETC.

3.—(1) The Mining Council shall appoint a Secretary (to be known as the Permanent Secretary), and such Assistant Secretaries and officers and servants as the Mining Council may, with the sanction of the Treasury, determine.

(2) Subject to the provisions of Section 11 (2) of this Act, there shall be paid to the Permanent Secretary, Assistant Secretaries and other officers and servants such salaries or remuneration as the Treasury shall from time to time determine.

(3) There shall be transferred and attached to the Mining Council such of the persons employed under any Government Department or local authority in or about the execution of the powers and duties transferred by or in pursuance of this Act to the Mining Council as the Mining Council and the Government Department or local authority may with the sanction of the Treasury determine.

(4) Notwithstanding anything in any Act, order, or regulation, any society of workers, all or some of whose members are wholly or partly employed in or about mines, or in any other manner employed by the Minister of Mines, or the Mining Council, or a District Mining Council, or Pit Council, or otherwise under this Act, may be registered or constitute themselves to be a Trade Union, and may do anything individually or in combination which the members of a Trade Union may lawfully do. Provided further that notwithstanding any Act, order, or regulation to the contrary, it shall be lawful

for any person employed under this Act to participate in any civil or political action in like manner as if such person were not employed by His Majesty, or by any authority on his behalf.

Provided, further, that no such person shall suffer dismissal or any deprivation of any kind as a consequence of any political or industrial action, not directly forbidden by the terms of his employment, or as a consequence of participation in a strike or trade dispute.

CONSTITUTION OF MINING COUNCIL.

4.—(1) The Mining Council shall be a Corporation to be known by the name of the Mining Council and by that name shall have perpetual succession, and may acquire and hold land without licence in mortmain.

(2) The Mining Council shall have an official seal, which shall be officially and publicly noticed, and such seal shall be authenticated by the Mining Council or a secretary or one of the assistant secretaries, or some person authorized to act on their behalf.

(3) The Mining Council may sue and be sued without further description under that title.

(4) Every document purporting to be an order, licence, or other instrument issued by the Mining Council, and to be sealed with their seal, authenticated in manner provided by this Act, or to be signed by a secretary or by one of the assistant secretaries, or any person authorized to act, shall be received in evidence and be deemed to be such order, licence, or other instrument without further proof unless the contrary is shown.

(5) Any person having authority in that behalf, either general or special, under the seal of the Mining Council may, on behalf of the Mining Council, give any notice or make any claim, demand, entry, or distress, which

the Mining Council in its corporate capacity or otherwise might give or make, and every such notice, claim, demand, entry, and distress shall be deemed to have been given and made by the Mining Council.

(6) Every deed, instrument, bill, cheque, receipt, or other document, made or executed for the purpose of the Mining Council by, to, or with the Mining Council, or any officer of the Mining Council, shall be exempt from any stamp duty imposed by any Act, past or future, except where that duty is declared by the document, or by some memorandum endorsed thereon, to be payable by some person other than the Mining Council, and except so far as any future Act specifically charges the duty.

TRANSFERENCE OF MINES AND MINERALS TO MINING COUNCIL.

5.—(1) On and after the appointed day, save as in Sub-section 3 of this section, provided—

(*a*) Every colliery and mine (including all mines, quarries and open workings of ironstone, shale, fireclay and limestone, and every other mine regulated under the Metalliferous Mines Regulation Acts, 1872 and 1875, but not including mines, quarries, or open workings of minerals specified in the First Schedule to this Act), whether in actual work, or discontinued, or exhausted, or abandoned, and every shaft, pit, borehole, level, or inclined plane, whether in course of being made or driven for commencing or opening any such colliery or mine, or otherwise, and all associated properties (including vessels, lighters, railway rolling stock, and all works, including works for the manufacture of by-products, in the opinion of the Mining Council

belonging to any mine undertaking or connected with any colliery or mine, and every house belonging to the owners of any such colliery or mine, which, in the opinion of the Mining Council, is usually occupied by workmen employed at such colliery or mine), (all of which are herein included in the expression " mine ") ; and

(*b*) All coal, anthracite, lignite, ironstone, shale, fireclay, limestone, or other mineral, excepting the minerals specified in the First Schedule to this Act, whether at present being worked or not worked, or connected or not connected with any mine, beneath the surface of the ground (all of which are herein included in the expression " minerals ") ; and

(*c*) All rights and easements arising out of or necessary to the working of any mine or the winning of any mineral, including all mineral wayleaves, whether air-leaves or water-leaves, or rights to use a shaft, or ventilation or drainage or other royalties, lordships, or rights in connexion therewith, whether above or below the ground (all of which are herein included in the expression " rights ")

shall be transferred to, vested in and held by the Mining Council in their corporate capacity in perpetuity, and shall for all purposes be deemed to be royal mines, and the minerals and rights thereof respectively.

(2) The Acts contained in the Second Schedule to this Act are hereby repealed.

(3) Provided that the Mining Council may at any time before the appointed day give notice in writing to the owner of, or person interested in, any mine or minerals or rights, disclaiming, during the period of such disclaimer all or part of the property in such mine or minerals or

rights to the extent specified in the notice, and thereafter such mine or minerals or rights shall, until such time as the Mining Council shall otherwise determine, to the extent specified in such notice, not vest in the Mining Council as provided by Sub-section (1) of this section. Provided that in such cases it shall not be lawful for any person other than the Mining Council, without the permission of the Mining Council, to work such mine or minerals in any way. Provided further that on the termination of such disclaimer by the Mining Council, such mine or minerals or rights shall, to the extent of such notice, as from such date as the notice may prescribe, vest in the Mining Council as if such notice of disclaimer had not been given.

Purchase of Mines.

6.—The Mining Council shall purchase the mines of Great Britain in them vested by this Act (other than those which are the property of the Crown at the time of the passing of this Act or which have been disclaimed in whole or in part in accordance with Section 5 (3) of this Act) at the price and in the manner provided by this Act. Provided always that the value of any rights as defined by Section 5 (1) (*c*) of this Act shall not be taken into account in computing such price, for all of which no compensation shall be paid.

Mines Commissioners.

7.—(1) For the purpose of assessing the purchase price of mines it shall be lawful for His Majesty, by warrants under the sign manual, to appoint ten Commissioners, to be styled the Mines Purchase Commissioners (herein called the Commissioners) of whom one, appointed by His Majesty, shall be Chairman.

(2) Three of the said Commissioners shall be nominated by the Association known as the Miners' Federation of Great Britain, and three by the Association known as the Mining Association of Great Britain.

(3) At the expiration of twelve months from the passing of this Act, in the event of a majority of the Commissioners failing to agree as to the purchase price of a particular mine or of its associated properties, it shall be lawful for the Chairman himself to fix the purchase price of such mine, which price shall then be deemed to be the price fixed by the Commissioners, but, save as herein expressly provided, the finding of a majority of the Commissioners voting on any question or as to the purchase price of mines shall be final and conclusive and binding on all parties.

(4) It shall be lawful for His Majesty to remove any Commissioner for inability or misbehaviour. Every order of removal shall state the reasons for which it is made, and no such order shall come into operation until it has lain before the Houses of Parliament for not less than thirty days while Parliament is sitting.

(5) The Commissioners may appoint and employ such assessors, accountants, surveyors, valuers, clerks, messengers, and other persons required for the due performance of their duties as the Treasury on the recommendation of the Commissioners may sanction.

(6) There shall be paid to the Commissioners and to each of the persons appointed or employed under this section such salary or remuneration as the Treasury may sanction; and all such salaries and remuneration and the expenses of the Commission incurred in the execution of their duties, to such amount as may be sanctioned by the Treasury, shall be paid out of moneys provided by Parliament.

Valuation of Mines.

8.—(1) The Commissioners shall, as soon as may be after the passing of this Act, cause a valuation to be made of all mines other than those disclaimed, whether or not developed or working or abandoned or exhausted, in Great Britain, showing what on 4th August, 1914, and what at the date of the passing of this Act was respectively the total ascertained value of each mine and its associated properties and the rights, as defined by Section 5 (1) (*c*) of this Act, therein, and the total ascertained value of such mine and its associated properties respectively exclusive of such rights; and the owner of every mine and any person receiving any rents, interest, or profit from any mine or possessed of any rights therein or connected therewith, on being required by notice by the Commissioners, shall furnish to the Commissioners a return containing such particulars as the Commissioners may require as to his property, rent, interest, profits, or rights in such mine.

(2) The Commissioners may likewise cause any mine to be inspected, require the production of documents, or do any other thing which may, in their opinion, be necessary to fix the purchase price of the mine or its associated properties.

(3) The Commissioners in making such valuation shall have regard to returns made under any statute imposing duties or taxes or other obligations in respect of mines, or minerals or rights, and to any information given before or to any Commission or Government Department, including the Coal Industry Commission constituted under the Coal Industry Commission Act, 1919.

Ascertainment of Purchase Price.

9.—(1) The purchase price of mines exclusive of associated properties (other than mines in the possession of

the Crown at the time of the passing of this Act) shall be computed subject to the provisions of Sub-sections (2) and (3) of this section by ascertaining the average annual number of tons of minerals actually raised during the five years preceding 4th August, 1914:

Provided that as regards coal-mines in no case shall the maximum purchase price, exclusive of associated properties, be taken to be more than the following:—

	Per ton. s. d.
When 100,000 tons or less have been raised per annum on the average during such five preceding years, a capital sum equal to one such year's output at	12 0
When more than 100,000 tons have been raised per annum on the average during such five preceding years, a capital sum equal to one such year's output at	10 0

(2) The Commissioners in arriving at such computation shall also have regard to the actual gross and net profits which have been made in the mine during such years or thereafter and to the amounts which may have been set aside from time to time for depreciation, renewals, or development, and to the probable duration of the life of the mine, and to the nature and condition of such mine, and to the state of repairs thereof, and to the assets and liabilities of any mine undertaking existing at the time of purchase which are transferable to the Mining Council under Section 16 of this Act.

(3) Provided further that where a coal-mine, in the opinion of the Commissioners, has not been fully developed the amount which would be raised under full development without any increase of capital expenditure shall be taken as the average annual number of tons raised

and the maximum purchase price in such case shall be taken to be a capital sum equal to the product of such number of tons and 12s. or 10s. per ton respectively, for the purpose of ascertaining the maximum value per ton under Sub-section (1) of this section.

ISSUE OF STATE MINES STOCK.

10.—(1) The purchase price of any mine and such of its associated properties as have been purchased, as ascertained under the provisions of this Act, shall be paid by the Mining Council in mines purchase stock to the persons who, in the opinion of the Mining Council, have established their title to such stock. Provided that an appeal shall lie to the High Court under rules to be framed by the High Court from the decision of the Mining Council as to the title of any such persons, but for no other purpose.

(2) For the purpose of paying such purchase price the Treasury shall, on the request of the Mining Council, by warrant addressed to the Bank of England, direct the creation of a new capital stock (to be called " Guaranteed State Mines Stock "), and in this Act referred to as " the stock," yielding interest at the rate on the nominal amount of capital equal to that payable at the date on which this Act received Royal Assent on what, in the opinion of the Treasury, is the nearest equivalent Government Loan Stock.

(3) Interest shall be payable by equal half-yearly or quarterly dividends at such times in each year as may be fixed by the warrant first creating the stock.

(4) The stock shall be redeemed at the rate of one hundred pounds sterling for every one hundred pounds of stock at such times and by such drawings as the Treasury on the recommendation of the Mining Council may think fit.

(5) The stock may be issued at such times and in such amounts and subject to such conditions as the Treasury may direct, and may be issued as bearer bonds with quarterly or half-yearly interest coupons attached.

(6) The stock shall be transferable in the books of the Bank of England in like manner as other stock is transferable under the National Debt Act, 1870.

POWERS OF MINING COUNCIL.

11.—(1) Subject to the provisions of this Act, it shall be lawful for the Mining Council to open and work mines and search for, dig, bore, win and deal with minerals and generally to carry on the industry of mining, distributing, vending, and exporting, together with all other industries carried on in connexion therewith: Provided that it shall not be lawful for the Mining Council to lease or sell any mine or minerals or rights to any person, association, or corporation.

(2) The Mining Council may, from time to time, in such manner and on such terms as they think fit—

(*a*) Subject to the general consent of the Treasury, appoint or continue in employment or dismiss managers, engineers, agents, clerks, workmen, servants, and other persons; and

(*b*) Construct, erect or purchase, lease, or otherwise acquire buildings, plant, machinery, railways, tramways, hulks, ships, and other fixed or movable appliances or works of any description, and sell or otherwise dispose of the same when no longer required; and

(*c*) Sell, supply, and deliver fuel, coal and other products, the result of mining operations, either within or without the realm; and

(*d*) Enter into and enforce contracts and engagements; and

(*e*) Generally do anything that the owner of a mine might lawfully do in the working of the mine, or that is authorized by regulations under this Act or by this Act ; and

(*f*) Employ local authorities for any purpose they may think necessary to carry out their duties under this Act, on such terms as may be mutually agreed.

(3) In addition to the powers conferred on the Mining Council by the last preceding sub-section, the Mining Council may, in such manner as they think fit, work any railway, tramway, hulk, ship, or other appliance for the purpose of winning, supplying, and delivering coal or other products.

(4) The Mining Council may compulsorily purchase land or acquire such rights over land as they may require for the purpose of this Act, and shall have, with regard to the compulsory purchase of land, all the powers of purchasers acting under the Land Clauses Act, 1845, and the Land Clauses Consolidation (Scotland) Act, 1845, or any other Act giving power to acquire land compulsorily for public purposes, which may hereafter be enacted.

(5) With respect to any such purchase of land under the Land Clauses Acts in Great Britain the following provisions shall have effect (that is to say) :—

(*a*) The Land Clauses Acts shall be incorporated with this Act, except the provisions relating to access to the special Act, and in construing those Acts for the purposes of this section " the special Act " shall be construed to mean this Act, and " the promoters of the undertaking " shall be construed to mean the Mining Council, and " land " shall be construed to have the meaning given to it by this Act.

(*b*) The bond required by Section 85 of the Lands Clauses Consolidation Act, 1845, and by Section 84 of the Lands Clauses Consolidation (Scotland) Act, 1845, shall be under the seal of the Mining Council, and shall be sufficient without sureties.

DISTRICT MINING COUNCILS AND PIT COUNCILS.

12.—(1) The Mining Council shall, for the purpose of the carrying on and development of the mining industry, divide Great Britain into districts, and shall in each district constitute a District Mining Council of ten members, half of which shall be appointed by the Miners' Federation of Great Britain.

(2) The Mining Council may delegate to any District Mining Council or Pit Council, such of their powers under this Act as may conveniently be exercised locally, and the District Mining Council shall upon such delegation have and exercise within their district all the powers and duties of the Mining Council as may be delegated to them.

(3) A District Mining Council shall, subject to the approval of the Mining Council, have power within their area to appoint Pit Councils for each mine or group of mines, composed of ten members, half of which shall be members of the Miners' Federation of Great Britain, and nominated by the workers of the mine or groups of mines aforesaid, and the District Mining Council may delegate to such Pit Council such of their powers concerning the immediate working or management of a particular mine or group of mines as the District Mining Council may, subject to the approval of the Mining Council, think fit.

(4) The members of District Mining Councils shall be appointed for three years, but shall be eligible for

re-appointment, and the members of Pit Councils shall be appointed for one year, but shall be eligible for re-appointment.

FUEL CONSUMERS' COUNCIL AND ADVISORY CONFERENCE.

13.—(1) For the purpose of advising the Mining Council it shall be lawful for His Majesty to appoint persons, to represent the interests of consumers, to be known as the Fuel Consumers' Council.

(2) The Mining Council shall have power to convoke at such time as they think fit and under such regulations and conditions as they may prescribe advisory conferences of representatives of District Mining Councils, and the District Mining Councils shall have power in like manner to convoke advisory conferences of Pit Councils within their area.

(3) The expenses of the Fuel Consumers' Council, National and District Mining Conferences shall, subject to the approval of the Treasury, be paid by the Mining Council.

PAYMENT OF MINING COUNCIL AND DISTRICT MINING COMMITTEES AND PIT COUNCILS.

14.—There shall be paid to each of the members of the Mining Council, other than the President, such salary as the Treasury may determine, and to the members of the District Mining Councils, and to the Pit Councils, such salaries and emoluments as the Mining Council, with the consent of the Treasury may determine.

ACCOUNTS.

15.—(1) The Mining Council shall cause full and faithful accounts to be kept of all moneys received and expended under this Act, and of all assets and liabilities and of all profits and losses, and shall annually lay such accounts before Parliament.

(2) The Mining Council shall annually cause a balance-sheet of accounts to be made, including a capital account and a profit and loss account for each mine worked under this Act.

(3) Such balance-sheet and statement shall be so prepared as to show fully and faithfully the financial position of each such mine, and the financial result of its operations for the year.

(4) All moneys raised under the authority of this Act shall, as and when raised, and all other moneys received hereunder shall, as and when received, be paid into a separate account called " The National Mines Account."

(5) All moneys withdrawn from the National Mines Account constituted under this Act shall be withdrawn only by the order of the Mining Council or such other person as the Mining Council may from time to time appoint.

(6) All moneys in the National Mines Account, or payable into that account by any person whomsoever, and also all moneys owing by any person under this Act, are hereby declared to be the property of the Crown, and recoverable accordingly as from debtors to the Crown.

TRANSFERENCE OF EXISTING ASSETS AND LIABILITIES.

16.—(1) There shall be transferred to the Mining Council all the existing assets and liabilities of mine undertakings and associated properties, as and when they are transferred to and vested in the Mining Council, other than liabilities for rights including royalty rents, wayleave rents, or any other underground rents or charges, payable or due at the time of the passing of this Act to any person, all of which shall cease to be payable on and after the appointed day.

(2) On the passing of this Act, there shall be ascertained by the Commissioners the amount of all moneys due to or from all mine undertakings, and the findings of the Commissioners as to the amount of such moneys shall be binding and conclusive on all parties.

(3) The net amount of all moneys due to any mine undertaking, after all debts due from any such undertaking have been deducted, as ascertained under Sub-section (2) of this section, shall be paid by the Mining Council to the persons to whom in the opinion of the Commissioners such debts are due, and shall be deemed to be expenses incurred under this Act : Provided that an appeal shall lie to the High Court, under rules to be framed by the High Court, from the decision of the Commissioners as to the title of any such person, but for no other purpose.

PAYMENTS OUT OF MONEYS PROVIDED BY PARLIAMENT.

17.—(1) All sums expended or payable under this Act in carrying out the provisions of this Act for expenses, or for salaries or wages payable under this Act, or in the construction, erection, or acquisition of buildings, plant, machinery, railways, tramways, hulks, ships, or other appliances or works, or otherwise, shall be payable out of moneys provided by Parliament.

(2) Provided that moneys received under this Act in respect of the sale or export or supply of coal or other minerals (including the moneys received from the Government Departments) may be directly expended in or towards carrying out the purposes of this Act.

PAYMENT OUT OF CONSOLIDATED FUND.

18.—After full provision has been made for all outgoings, losses, and liabilities for the year (including interest on securities created and issued in respect of

moneys raised as aforesaid, and on moneys paid out of the Consolidated Fund), the net surplus profits then remaining shall be applied in establishing a sinking fund and, subject thereto, in establishing a depreciation fund in respect of capital expended.

Regulations.

19.—(1) The Mining Council may, from time to time, make such regulations as they think necessary for any of the following purposes :—

(*a*) The management of mines under this Act

(*b*) The functions, duties, and powers of the District Mining Councils, Pit Councils, and other bodies or persons acting in the management and working of mines or distribution and sale of fuel under this Act ;

(*c*) The form of the accounts to be kept and the balance-sheets to be prepared in respect of mines under this Act ;

(*d*) The mode in which the sinking funds and other funds connected with mines under this Act shall be held and administered ;

(*e*) Generally any other purpose for which, in the opinion of the Mining Council, regulations are contemplated or required.

(2) The Mining Council, before making or altering any regulations or conditions of employment, including wages, as affect workmen engaged in the mining industry, shall consult with the association known as the Miners' Federation of Great Britain, and, in the event of such representatives and the Mining Council failing to agree, the matter in dispute may be referred to arbitration on such terms as may be mutually agreed.

(3) Provided that nothing in this section shall be deemed to interfere with the right of any employed person, subject to his contractual obligations, to dispose of his labour as he wills.

Statutory Regulations.

20.—(1) Every mine worked under this Act shall be managed and worked subject to the provisions of the Metalliferous Mines Regulations Acts, 1872 and 1875, the Coal Mines Regulation Act, 1908, the Coal Mines Act, 1911, and any other Act regulating the hours, wages, or conditions of labour in mines.

(2) There shall be transferred to and be vested in the Mining Council all the powers and duties of the Secretary of State and of any other Government Department imposed upon them by the Metalliferous Mines Regulations Act, 1872 and 1875, the Coal Mines Regulation Act, 1908, the Coal Mines Act, 1911, or any other Act regulating or affecting mines or the hours or conditions of labour therein.

Duty of Mining Council to Supply Coal.

21.—(1) It shall be the duty of the Mining Council to ensure that there is a sufficient supply of fuel at reasonable prices throughout Great Britain, and for this purpose it shall be lawful for the Mining Council, or for any local authority or Government Department acting on their behalf, to establish stores and depôts and to employ vehicles and to use all other necessary means for the selling of fuel and to sell fuel within the area of every local authority, and, further, for this purpose it shall be the duty of the railway companies or authorities

of Great Britain to provide such facilities for the conveyance of fuel as the Mining Council may deem necessary to enable them to carry out the duties imposed upon them by this section at rates not greater than such railway companies or authorities are now entitled to charge for the conveyance of fuel.

(2) Where the Mining Council delegates to any local authority all or any of their powers under this section, it shall be lawful for such local authority to exercise all or any of the powers of the Mining Council so delegated to them.

(3) All moneys had and received or expended by a local authority under this section shall be deemed to be had and received or expended on behalf of the Mining Council.

Title and Commencement.

22.—This Act may be cited as the Nationalization of Mines and Minerals Act, 1919, and this Act and the Metalliferous Mines Regulations Acts, 1872 and 1875, and the Coal Mines Regulation Acts, 1887 and 1908, and the Coal Mines Act, 1911, may be cited together as the Mines Acts, 1872-1919, and shall come into operation on the first day of the second month, which shall be the appointed day, after the passing of this Act, and, save in the case of disclaimer, all valuations, purchase, and transference of mines and minerals to the Mining Council, and all other arrangements for the carrying out of this Act shall be concluded on or before the first day of the second year after the coming into operation of this Act.

23.—This Act shall not apply to Ireland.

FIRST SCHEDULE.

Minerals excluded from this Act :—

Sandstone.	Slate.	Building Clay.
Granite.	Chalk.	Gravel and Sand.
Cherts.	Flints.	Igneous Rocks.

SECOND SCHEDULE.

Enactments Repealed.

Session and Chapter.	Title or Short Title.	Extent of Repeal.
1 William and Mary, ch. 30.	An Act to repeal the statute made in the fifth year of King Henry IV. against multiplying gold and silver.	The Whole Act
5 William and Mary, ch. 6.	An Act to prevent disputes and controversies concerning Royal Mines.	The Whole Act
55 George III., ch. 134.	An Act for altering the rate at which the Crown may exercise its right of pre-emption of Ore in which there is lead.	The Whole Act
1 James I. of Scotland, ch. 12.	Mines of Gold and Silver pertains to the King.	The Whole Act
12 James VI. of Scotland, ch. 31.	Anent the Tenth Part of Mines.	The Whole Act

CHAPTER XVII.

WHEN LABOUR COMES INTO POWER.

When Labour comes into power—its difficulties will commence! It is easier to criticize than to perform, and Labour is not going to escape the common fate of not realizing all the expectations it has aroused. The only consolation it has in this respect is that it can hardly make a worse mess of things than our present governing class has done; anyone who regards this statement as exaggerated should re-read the indictment of the present condition of the Nation as recorded in Chapter II.

Let it be frankly admitted that the Labour Party in Parliament has not thus far justified the high expectations that have been formed in some quarters; but, even if it were much stronger than it actually is, it could not possibly do much in the way of constructive work until it secured a majority. The Labour Party as it is to-day in Parliament, represents more a protest against the awful misgovernment of our present ruling class than a constructive effort towards better Government. It is only when the Labour Party is in a position to carry out its policy that it is to be judged as a governing party; but, its policy may be judged now, and that policy is clearly set forth in its programme, and its practical application is being worked out detail by detail by a number of advisory committees consisting of Members of Parliament, Trade Union representatives, University Professors, Civil Servants and specialists in

every branch. A glance at the membership of some of these committees would reveal how largely the Labour Party has now become a party of all who work by hand or brain, and one result of this necessity of working out a practical policy is that the party actually has a policy on all the things that really matter, leaving the fly-blown catchwords of the past generation to the other parties, which have not yet realized the changed world in which we now find ourselves.

Take the case of bank amalgamations, which recently frightened the Government, the concentration of money power in the hands of a few great institutions, as is happening through the constant amalgamations between the banks, having caused a good deal of alarm a year or so ago among the business community. A committee was appointed, reported in an indecisive sort of way, and—things go on much as before! Ask a Conservative what the policy of his party is with regard to banking, and he will shrug his shoulders; ask a Liberal, and he will not be able to do any better. The Labour Party has a definite policy on banking, as on almost every other important question bearing upon the national well-being, and it is a policy that has been worked out after full consideration of things as they are, but not with the fixed object of *retaining* things as they are.

When Labour comes into power it will undoubtedly set about nationalizing (or municipalizing) those services which are vital to all sections of the community, viz.:—

Ownership of land.
Housing.
Coal-Mines.
Electricity and Power generally.
Railways and Inland Transport.
Liquor Trade.

It will follow the same line of thought with regard to a second group of services, but instead of nationalizing the whole immediately, it may decide to start off with one State institution or service in that particular branch, thus following the example of Australia, New Zealand, and other countries by starting a

State Bank,
State Insurance Department (all kinds),*
State Shipping Line,

and encouraging municipal enterprize of every description such as bakeries, milk depots, and the like. In most cases existing businesses will be purchased on fair terms instead of crushing the small man out of existence without compensation, as is done so frequently to-day by the big combine or multiple shop company.

One of the first things that Labour will do will be to bring in a measure conferring extended trading powers upon municipalities, on the principle that a municipal body shall be permitted to do anything that is not explicitly forbidden to it by law, instead of exactly the opposite principle, which our present governing class has been careful to impose upon the municipal authorities of the country. The London County Council will, of course, be made the one governing body for the whole of greater London, and the internal jealousies and hindrances to progress so carefully created by the said governing class, to check the growth of a municipal spirit in London, will be swept away.

* Live Departments, directed by people who are not handicapped by the limitations imposed by the dictation of vested interests, as is the case with the Post Office Savings Bank and Insurance Department.

Labour will, of course, require to purify the national policy in many other directions than those mentioned here, but it will be seen that the key-note and the greatest item of its policy is comprehended in the word "Nationalization," or, to be more precise, although it is an ugly compound word—"Community-Ownership"—for that is the practical application of the ideal of the Labour Party, which is to study whole-heartedly the interests of the entire community, and nothing else.

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WILLIAMS, LEA & CO., LTD.,
PRINTERS, CLIFTON HOUSE,
WORSHIP STREET, E.C.2.

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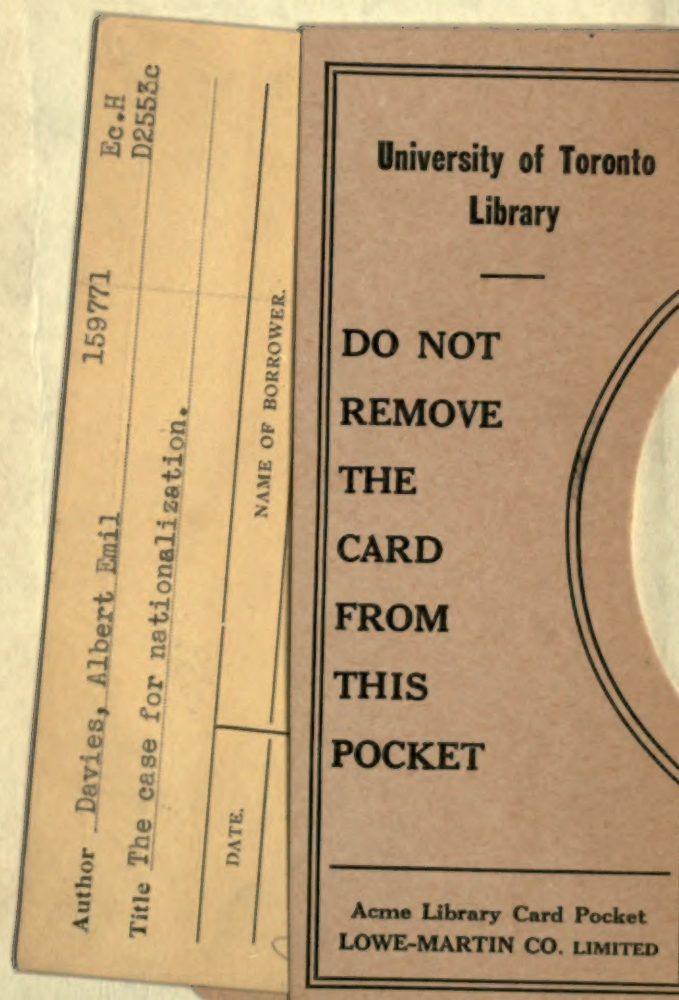
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